Non-financial Group Report

2024

Contents

1. GENERAL DISCLOSURES

(ESRS 2)

INTRODUCTION

ESRS 2 BP-1 General principles for the preparation of sustainability statements

Since the 2018 financial year, STS Group[1] has published a non-financial statement as a separate document in accordance with the requirements of the CSR Directive Implementation Act (CSR-RUG). Due to the latest legal developments in Europe, the STS Group began adapting its processes and preparing for the requirements of the CSRD Directive (Corporate Sustainability Reporting Directive) at the end of 2023. In 2024, a detailed materiality analysis was carried out in accordance with the ESRS (European Sustainability Reporting Standards) and the necessary data was collected. As the CSRD was not transposed into national law in Germany in the reporting year, the 2024 non-financial statement was not audited by an external auditor. The contents of the non-financial Group report were reviewed by the Supervisory Board. The separate non-financial statement was prepared in accordance with the ESRS (European Sustainability Reporting Standards). References to the submission requirements of the ESRS addressed in the report have therefore been added at the beginning of each section of this non-financial statement. The scope of consolidation of the non-financial statement corresponds to that of the Financial Report 2024. The Group follows all legal and regulatory developments relating to the preparation and disclosure of non-financial information, including the EU Taxonomy Regulation. For this reason, the STS Group has again reviewed the taxonomy capability of the economic activities and the taxonomy compliance of the identified capable activities for 2024 and collected the corresponding key figures (revenue, CapEx and Opex). The taxonomy report is included in the section on environmental matters.

In this non-financial statement, the simultaneous use of female, male and diverse language forms is avoided for reasons of readability and the generic masculine is used.

[1] **STS** Group refers to STS Group AG and all its subsidiaries.

All personal designations apply equally to all genders.

RESPONSIBILITY, RULES AND PROCESSES

ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

STS Group AG has a dual management system consisting of a Management Board and a Supervisory Board. The main task of the Supervisory Board is to monitor and advise the Executive Board in the management of the company. The Supervisory Board currently consists of three members who are elected by the Annual General Meeting. All members have the expertise that is considered essential with regard to the business activities of STS Group AG. In particular, this includes many years of experience and in-depth knowledge in the management of an internationally active company in the automotive industry as well as in the areas of production, product development, strategic management, finance and accounting. The Supervisory Board discusses business development and planning as well as corporate strategy and its implementation at regular intervals. It examines the annual and consolidated financial statements, the management report, the Group management report and the proposal for the appropriation of net retained profits. It decides on the adoption of the annual financial statements and the approval of the consolidated financial statements in accordance with statutory provisions, taking into account the auditor's reports. Significant Executive Board decisions, e.g. budget planning, capital measures and significant financing and investment decisions, require the approval of the Supervisory Board. When selecting the candidates to be proposed for the Supervisory Board, the company ensures that they are individuals who have the knowledge, skills and professional and personal experience required to properly fulfil their duties, including with regard to the sustainability issues relevant to the company. As the company's Supervisory Board only consists of three members in accordance with the Articles of Association, no committees are formed - apart from the statutory Audit Committee. All members of the Audit Committee deal in particular with accounting, accounting principles, the internal control and risk management system and the audit of the financial statements.

Since 2022, the Executive Board of STS Group AG has consisted of one member who is responsible for the management and external representation of the company. It manages STS Group AG with the aim of creating sustainable value and in the interests of the company. The Executive Board is responsible for preparing the half-year report and the annual and consolidated financial statements as well as the management report and Group management report of STS Group AG. It also ensures that statutory

provisions, official regulations and internal company guidelines are complied with. It works to ensure compliance with these by the Group companies

ESRS 2 GOV-2 Information and sustainability issues addressed by the entity's administrative, management and supervisory bodies

Increasing competition on the global markets and the need to integrate sustainability into day-to-day business, both due to dynamic legal requirements and growing pressure from various stakeholders, make it necessary today to recognise what is important for a company in terms of sustainability and to implement this in concrete terms and integrate it into the company's organisational structure. The STS Group has developed and assigned clear responsibilities for ESG (Environmental, Social & Governance). ESG management refers to the supervision, structures, guidelines, rules and controls of an organisation with regard to material sustainability issues, sustainability activities and their risks and opportunities. The Executive Board and the Supervisory Board of STS Group deal with all material sustainability issues and their impacts, risks and opportunities (IROs). STS Group also has a cross-divisional ESG team (the same team at Adler Pelzer Group), which is led by the contact persons from the various divisions and is responsible for managing and monitoring sustainability issues. One level higher is the cross-functional ESG core team, which is led and coordinated by the CSR (Corporate Social Responsibility) Manager and the CSO and is responsible for decision-making and cross-functional information sharing. The CSO reports to and informs the Executive Committee, which is chaired directly by the CEO, on a monthly basis. The Executive Committee is responsible for reviewing and approving sustainability issues and the non-financial statement.

Compliance

Since the end of 2022, STS Group AG has adopted the Adler Pelzer Group's Code of Conduct and therefore has a Code of Conduct that applies to all employees, managers and Executive Board members and a Code of Conduct for business partners/suppliers. The Code of Conduct is regularly reviewed and adapted to the changing standards and expectations of stakeholders. It is a fundamental component of the corporate guidelines for business conduct and sets out clear expectations with regard to anti-corruption, fair competition and respect for human rights. The STS Group also has a compliance department that reports directly to the Supervisory Board. The Compliance department not only ensures compliance with the internal guidelines of the Code of Conduct, but also carries out risk assessments to identify potential areas of misconduct or breaches of regulations. These assessments enable the Supervisory Board to make informed decisions on guidelines for business behaviour and risk management strategies. The Compliance department also prepares an annual report, which is

submitted to the Supervisory Board. This report covers the status of business conduct guidelines, compliance-related incidents and corrective measures taken. This ensures that the Supervisory Board has an accurate understanding of corporate ethics and potential areas for improvement. The company has established a whistleblower system that enables employees and stakeholders to report unethical or illegal activities confidentially. STS Group AG's whistleblower system underpins its commitment to transparency and ethical business practices. The Supervisory Board's responsibilities also include monitoring this mechanism and ensuring that reports are investigated promptly while protecting whistleblowers from retaliation.

The Supervisory Board is regularly informed about material sustainability impacts, risks and opportunities as part of quarterly meetings, detailed reports and, if necessary, on an ad hoc basis. At the same time, the Executive Board is responsible for ensuring timely communication covering topics such as the implementation of due diligence, the effectiveness of the guidelines and progress in achieving the sustainability goals. Supporting structures such as committees and ad hoc resolutions enable a flexible response to critical sustainability issues

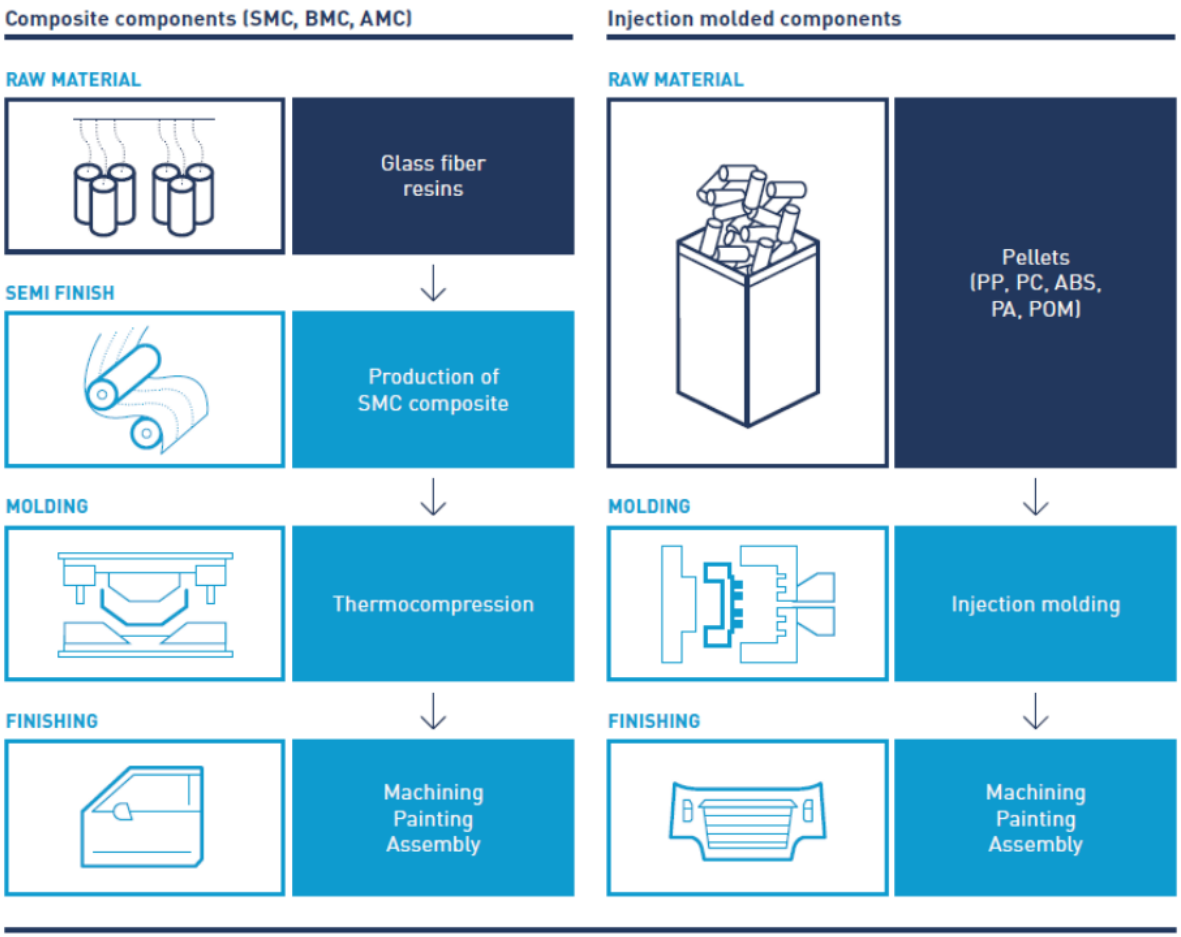
BUSINESS MODEL, STRATEGY AND VALUE CHAIN

ESRS 2 SBM-1 Strategy, business model and value chain

The STS Group offers its customers a wide range of system solutions and components for the interior and exterior panelling of trucks, commercial vehicles and cars. STS components enhance the visual appearance of the vehicle design, contribute to the aerodynamics of the vehicle and ensure a significant reduction in weight thanks to their lightweight construction. The STS Group develops and produces vehicle components with SMC (Sheet Moulding Compound) technology, which efficiently replaces metal components and contributes to the reduction of greenhouse gas emissions from vehicles by reducing the overall weight of these vehicles.

Thanks to its high level of vertical integration, the STS Group is able to cover the entire manufacturing process for every component, from the initial idea to the finished product. As a one-stop-shop provider with many years of expertise, the Executive Board sees a clear competitive advantage in weight-optimised plastic solutions, such as those increasingly found in the passenger car sector. Production facilities and logistics are mainly designed for small and medium-sized series, as is typical for light to heavy commercial vehicles, but also for special models and electromobility or

weight-optimised plastic solutions, as is increasingly the case in the passenger car sector.



The STS production facilities are located close to the respective customer plants. This makes all aspects of co-operation simpler, more efficient and more sustainable. Headquartered in Germany, the Group operates a global network in all key markets. At the end of the financial year, the STS Group had twelve plants in five countries on three continents.

The STS Group combines the production technologies of injection moulding and hot and compression moulding of composites (composite materials). It manufactures the semi-finished products and composite materials itself and can therefore react flexibly to customer-specific requirements.

The STS Group's business activities are managed according to product types and geographical aspects. This principle is reflected in the following segmentation of business activities:

Plastics: This segment manufactures a wide range of exterior body parts and interior modules for trucks, other commercial vehicles and passenger cars. It includes hard trim products made from injection moulding and composite materials such as SMC (sheet moulding compound) or glass fibre-reinforced thermoset semi-finished products. The semi-finished product plays an important role in automotive production thanks to its numerous positive properties, such as high rigidity and heat resistance. It often replaces metal structural parts and makes an important contribution to covering battery systems in electric vehicles. The Plastics segment has production facilities in Europe and Mexico. Customers in North America are supplied from Mexico and the USA. Hard trim systems

are used in commercial vehicles, e.g. for exterior parts (e.g. front modules, roof modules and other aerodynamic panelling) or interior modules ("bunk box" under the driver's bed and shelving elements) and in passenger cars, e.g. for structural parts (tailgate). In addition, the segment has its own capacities for painting plastics.

China: Activities in the Chinese market are bundled in this segment. These include supplying customers with plastic parts for the exterior panelling of vehicles, primarily for the cabins of commercial vehicles, but increasingly also for passenger cars. The product range offers solutions and components for commercial vehicles such as bumpers, front panelling, deflectors, roofs, mudguards and entrances as well as parts for passenger cars such as battery covers for electric vehicles and complex structural parts such as tailgates for SUVs. Composite moulding processes and injection moulding technology are used here. The segment also has its own capacities for painting plastics.

Materials: This segment comprises the development and production of semi-finished products (Sheet Molding Compound - SMC), fibre molding compounds (Bulk Molding Compound - BMC) and advanced fibre molding compounds (Advanced Molding Compound - AMC). The semi-finished products are used both within the Group for hard trim applications and supplied to external third parties. As part of the development of these base materials, it is already possible to influence key parameters of the end product.

The STS Group is aware that sustainability must not only be embedded in daily processes, but also in the entire value chain by involving various stakeholders. The entire value chain was also considered when assessing impacts, risks and opportunities as part of the double materiality analysis. When analysing the value chain, the Tier 1 and 2 suppliers and their employees in the upstream value chain were considered first and foremost. For the Group's own production activities, the employees of the entire Group were primarily considered as key stakeholders. In the downstream value chain, the focus was on business customers (OEMs).

The STS Group is pursuing the strategic goal of further expanding its promising lightweight solutions for commercial and electric vehicles. The focus of the corporate strategy is therefore on the future markets of lightweight components and e-mobility. As one of the leading suppliers of components and systems for the automotive industry, the STS Group focuses on components made of composite materials and injection moulding from the initial idea to the finished product. STS products are designed to make vehicles fit for the future by making significant contributions to

reducing weight and thus CO_2 emissions. In addition, STS Group products improve the look, feel and functionality of vehicles.

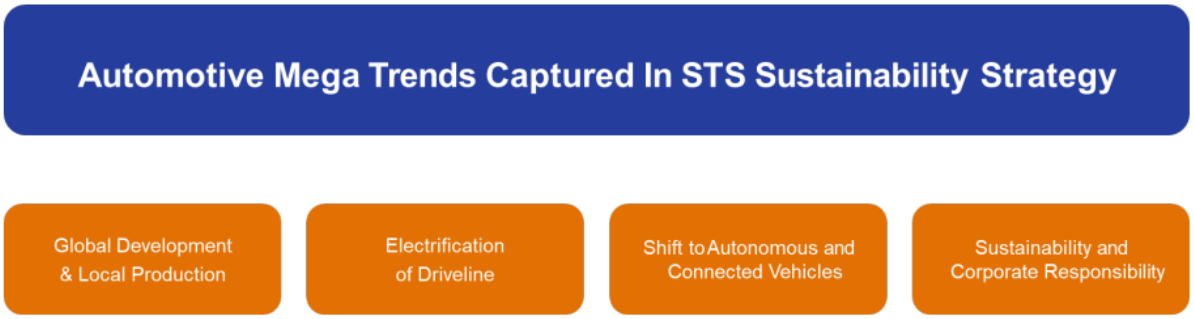
STS Group's growth strategy is based on process optimisation through increased automation of production processes, but also on addressing technological trends such as autonomous driving and e-mobility. The Group's mission is to produce and supply innovative system solutions for smart transport and sustainable growth. In order to expand its competitive position and achieve sustainable profitability, the Group is focussing on four strategic pillars:

- Market leadership
- Technology leadership
- Customer proximity
- Effective production systems

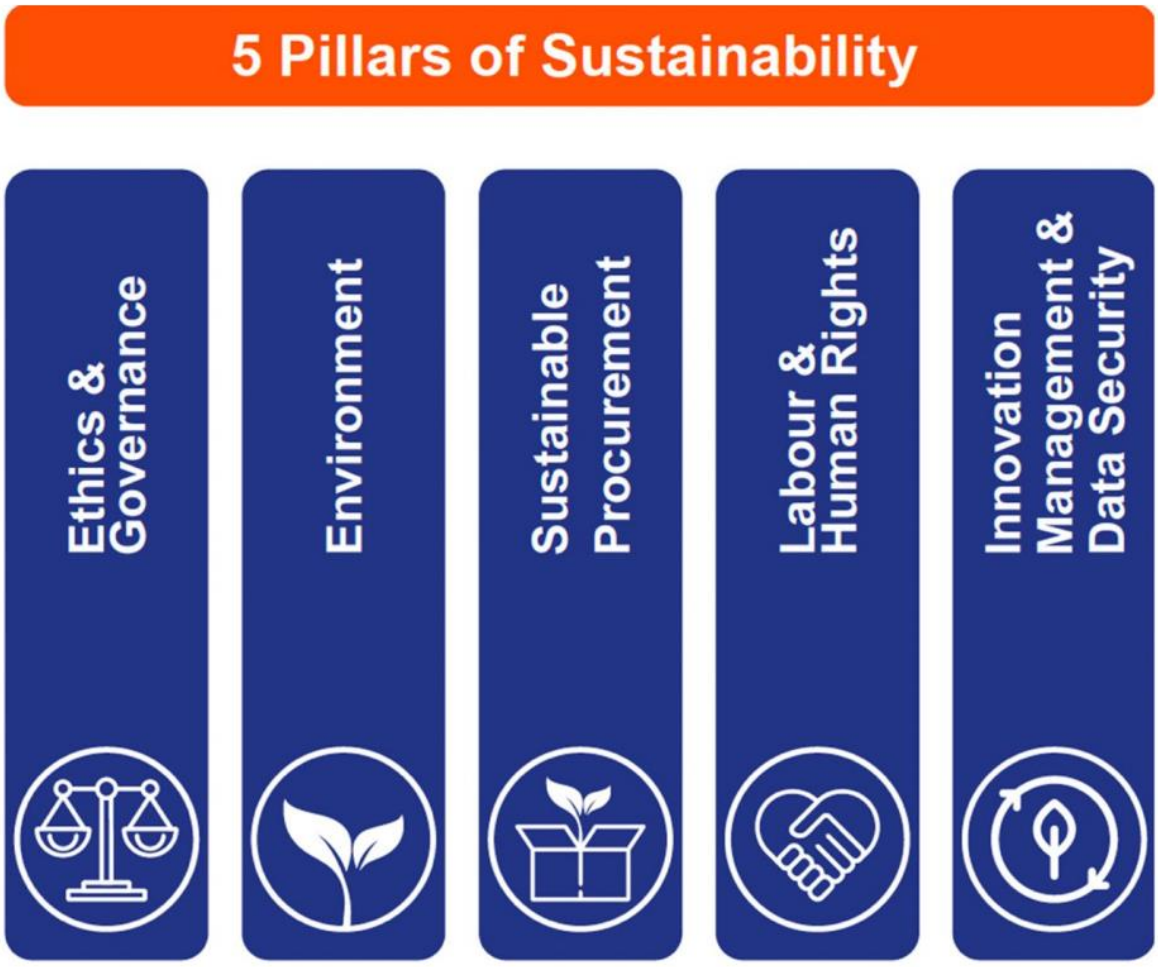
In 2020, the STS Group decided to focus on the core technologies of injection moulding and composite technology. This was followed by the sale of the Acoustics segment to the Adler Pelzer Group[2] . This marked the start of a strategic realignment with the aim of further expanding the promising lightweight solutions for commercial and electric vehicles. As at 31 December 2024, the Adler Pelzer Group holds 74.42% of the shares in STS Group AG. In the 2024 financial year, the process of implementing the Adler Pelzer Group's CSR strategy, which had already begun in 2022, was further advanced and completed. The aim was to strategically align the STS Group with the Adler Pelzer Group in terms of sustainability in order to best fulfil the requirements of customers and suppliers according to certain sustainability standards. The sustainability targets and the processes for collecting non-financial performance indicators were also harmonised with the Adler Pelzer Group's requirements.

Sustainability is an integral part of the corporate strategy and is based on the Adler Pelzer Group's sustainability strategy, which in turn is aligned with four key megatrends in the automotive industry. The ESG measures of the STS Group follow the guidelines of the Adler Pelzer Group and contribute to the achievement of the defined sustainability goals.

[2] **Adler Pelzer Group** is the name given to Adler Pelzer Holding GmbH and all its subsidiaries.



Under the motto "*Think Sustainable, Act Responsible*", the STS Group pursues the goals of a more sustainable business model in order to make its contribution to the environment. The Group's sustainability management is based on five pillars that guide the identification and evaluation of key sustainability issues:



STS Group's sustainability mission statement is derived from the UN Sustainable Development Goals (SDGs). The SDGs are 17 political goals that are essentially intended to enable global sustainable development by 2030.

From these goals, Adler Pelzer Group identified 11 that serve as orientation for the further development and implementation of the sustainability strategy and as a starting point for the definition of ESG goals for the entire STS Group:

Environment:

Social:

Governance:

STAKEHOLDER ENGAGEMENT

ESRS 2 SBM-2 Stakeholders' interests and positions

The STS Group strives to understand the interests and expectations of its stakeholders through continuous dialogue and to take them into account in its sustainability measures. The findings of the stakeholder dialogue are also incorporated into sustainability management and the dual materiality analysis.

The principles of the STS Stakeholder Engagement Policy are based on transparency and integrity. They comply with international standards, including the UN Guiding Principles on Business and Human Rights:

Stakeholders	Opportunities/challenges	Communication channels
Management Board	Strong company performance increases the credibility and recognition of the Management Board; opportunities for skills development and career advancement	Regular executive meetings; e-mails; reports; daily business
	Legal risks; reputational damage; underperformance of the company	
Supervisory Board	Improved reputation through positive company performance	Board meetings; e-mails; reports
	Legal risks; reputational damage	
Key Shareholders	Economic interdependence: STS Group's performance influences APG's performance and vice versa; strategic alignment; synergies	Shareholder Meetings; Daily Business
	Reputational risks; financial difficulties	

Stakeholders	Opportunities/challenges	Communication channels
Investors	Economic development of the company; growth; increase in share price; profitability; trust	Shareholder meetings; annual general meetings; press releases; ad-hocs; brokerage platforms; online platforms
	Economic risk; loss of trust	
Employees	Recognition and fair treatment promote productivity and commitment; Opportunities for skills development and career advancement; Safe and stable working conditions; Inclusive work culture; Work efficiency; Increased productivity	Regular meetings and town halls; intranet; e-mail; surveys; whistleblower system; policies; works councils and trade unions; printed information on the shop floor to reach employees without digital devices
	Stress and excessive workload; uncertainty; dissatisfaction; poor performance	
Customers	High standards; high quality; offering customised products; joint development; know-how	Regular meetings; online platform; social media; company website; marketing channels; roadshows; press releases
	ESG risks; environmental performance; supply chain risks and production losses; employee strikes; reputational damage	
Suppliers	Strengthened partnership; growth; development of new products; synergies;	Supplier assessment and audits; regular meetings; supply chain services: Platforms for the exchange of general information on ESG issues and risks
	Loss of sales; insolvency; delay in payments; interruption of the supply chain	
Creditors	Strong financial performance; growth; market expansion	Direct negotiations; financial reports, notifications, meetings; communication by legal representatives in the event of disputes or late payment
	Default risk	

Stakeholders	Opportunities/challenges	Communication channels
Authorities/institutions	Compliance and trust; Economic stability; Trust	Regulatory filings; meetings; mail; e-mails; ad hoc audits and plant visits
	Increased control by the authorities, which has an impact on resources; reputational damage	
Local Communities	Community engagement; economic development; job creation	Town Halls; Public Forums; Press Releases, Newsletters; Community Outreach Programmes
	Environmental pollution; unemployment	

RISK ANALYSIS AND NON-FINANCIAL RISKS

ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting

The concepts for handling risks are set out in a risk management manual, which is updated on an ongoing basis. The main responsibility for the risk management process lies with the Management Board. The CEO has appointed risk managers (RM) for the business units (BU) to support the implementation of the risk management process and the administration of the risk management tool. They are supported by the appointed risk management team, which includes the finance directors, the plant managers and the purchasing and sales managers. Decisions on the involvement of other functions are made as required.

The Executive Board of STS Group AG has installed an early risk detection system to ensure that developments that could potentially jeopardise the company's continued existence are identified, monitored and managed at an early stage. All critical business developments and liability risks are subjected to a critical review and reported on regularly in the reviews of the subsidiaries and in the Executive Board and Supervisory Board meetings. The assessment of a risk requires a "gross" and a "net" evaluation. The gross assessment of a risk is the impact that a potential risk - without measures taken and actually implemented - would have on the EBIT of the STS Group. The net assessment takes into account possible or already implemented measures to avoid the risks. In accordance with the STS Group's risk management system, only risks that exceed a gross threshold of EUR 1 million are taken into account. Risks are assessed

according to their monetary impact (extent of damage) on EBIT and the probability of occurrence. When assessing the monetary impact, a distinction is made between the four categories "very low", "low", "medium" and "high". The assessment is based on the extent of damage in relation to a financial year. The probability of occurrence is assessed on a percentage scale and divided into the four categories "unlikely", "possible", "likely" and "very likely". The combination of the extent of damage and the probability of occurrence defines the risk class, which is categorised as low, medium or high in terms of its impact on the net assets, financial position and results of operations.

As part of the dual materiality analysis, various sustainability-related and non-financial risks relating to the sustainability topics covered by the ESRS were identified and analysed in the reporting year. In connection with this, the material climate risks were also identified in accordance with the requirements of the CSRD and the Taxonomy Regulation - both physical and transitory. A detailed description of the risks can be found in the respective chapters of this declaration on the material sustainability topics. Further risks were identified in connection with the sustainability reporting process in accordance with the CSRD/ESRS requirements.

Further information on risk management can be found in the opportunity and risk report within the management report for the 2024 financial year.

KEY TOPICS

ESRS 2 IRO-1 Description of the process for the identification and assessment of significant impacts, risks and opportunities

STS Group had already identified some material sustainability topics in 2018 based on the reportable aspects under the CSR Directive Implementation Act - environmental issues, employee and social issues, respect for human rights and combating bribery and corruption - and later reviewed and adjusted them based on Adler Pelzer Group's CSR strategy. In the 2024 reporting year, the STS Group conducted a materiality analysis ("double materiality analysis") in accordance with the requirements of the new sustainability reporting standards, namely the ESRS (European Sustainability Reporting Standards - in accordance with ESRS 1, Chapter 3). The analysis of sustainability topics was supported by the following international frameworks:

- United Nations Guiding Principles on Business and Human Rights (UNGPs);
- Paris Agreement

- UN Sustainable Development Goals (SDGs)
- SASB standards
- European Green Deal

The dual materiality analysis process began with an overarching analysis of the sustainability topics covered by the ESRS and then led to a detailed assessment of the individual impacts, risks and opportunities. Experts from all company departments were involved throughout the process through consultations, on-site workshops and virtual workshops. The reliability of the assessment process and the data collected was ensured by applying quantitative and qualitative methods to assess the identified impacts, risks and opportunities. When conducting the materiality analysis for the STS Group, the perspective of the Adler Pelzer Group was also included. The STS Group's CSRD project manager served as the primary interface between the parent company (Adler Pelzer Group) and the subsidiary (STS Group) and ensured smooth communication and coordination between the two companies. The entire CSRD reporting team and the Adler Pelzer Group CSR team were also involved. Management was closely involved throughout the materiality analysis process. Their involvement ensured alignment with the strategic objectives, secured the necessary decision-making authority to implement changes and emphasised management's commitment to sustainability. The planning and moderation of all workshops was supported by external ESG consultants.

The materiality analysis began with the so-called "long list creation", in which a list of potentially material topics (so-called "long list") was drawn up. The topics on the long list were then subjected to an IRO analysis, i.e. an evaluation of the impacts (I: Impacts), risks (R: Risks) and opportunities (O: Opportunities), under both aspects of dual materiality - impact materiality and financial materiality.

In the workshops for the longlist creation, the materiality requirements of the ESRS and then those of the SASB framework were reviewed to ensure that no critical sustainability aspects relevant to STS Group's business activities were overlooked. After creating the longlist, the participants analysed each topic and identified the associated impacts, risks and opportunities. In addition, all relevant stakeholders of the STS Group were also taken into account in order to understand at which point in the value chain the respective topic is important.

The "longlist creation phase" resulted in a list of 67 sustainability topics that could potentially be material for the STS Group. These 67 topics were then categorised into five categories to enable a more targeted discussion with the relevant company departments. The aim of these assessments was to carry out a comprehensive analysis of each topic and evaluate the associated impacts, risks and opportunities (IROs).

After the first phase, the identified IROs were quantified. In the specific quantification (evaluation) of the IROs, a net assessment was carried out, i.e. the negative impacts or risks were quantified, for example, after considering possible measures to mitigate the identified risk or negative impact. This refers to measures that directly counteract the occurrence of a risk or impact (mitigating), but not those that only counteract the risk or measure indirectly or in the long term (remediating). The STS Group based its evaluation on both qualitative information based on the experience and expertise of the experts involved, such as information about competitors or feedback from employees and customers, and, where possible, on quantitative data, such as the quantification of risks (based on the guidelines in the Group's risk management manual).

Evaluation of the identified impacts (inside-out perspective)

Assessment of the impact of the company's activities on the environment and people in terms of environmental, social and governance aspects (ESG aspects). The impacts include those associated with the company's own business activities and with its upstream and downstream value chain, including through its products and services and through its business relationships. The severity of the impacts (positive and negative) was determined by the following criteria:

- **Extent**: Size of the positive/negative impact on people and/or the environment (e.g. the extent to which people's basic needs or freedoms are impaired);
- **Scope**: Extent of the spread of the impact (e.g. the number of people affected or the geographical extent of a particular loss);
- **Irreparability** only in the case of **negative effects**: To what extent can the negative effects be remedied (e.g. through compensation or restitution or whether affected parties can regain their rights);
- The "**probability of occurrence**" was also taken into account for **potential effects**.

There are therefore four different types of impact that were identified as part of the double materiality analysis:

- **Actual negative impacts:** Assessment based on scale, scope and reversibility.
- **Actual positive impact:** Assessment based on scale and scope.
- **Potential negative impacts:** Assessment based on scale, scope and reversibility as well as probability of occurrence.
- **Potential positive impacts:** Assessment based on scale, scope and probability of occurrence.

Evaluation of the identified risks and opportunities (outside-in perspective)

A sustainability issue represents a risk if it has or could have a negative financial impact on the company: It has or could have a short-, medium- or long-term negative impact on the company's development, financial position, results of operations, cash flow, access to finance or cost of capital. On the other hand, a sustainability issue represents an opportunity if it has or could have a positive financial impact on the company.

The risks and opportunities can be determined by the following criteria:

- The extent of the risks or opportunities for the company and their probability of occurrence.

The classification of risks according to the STS Group's existing risk management system was used as the basis for the evaluation of financial materiality.

IRO quantification: calculation method

In general, the respective severity of the impacts, risks and opportunities is always calculated on a scale between [0-10]. The dimensions of extent, scope and reversibility are added together and the probability of occurrence is multiplied.

In addition, each quantified IRO was always mapped to a relevant time horizon: short-term, medium-term, long-term.

ESRS 2 SBM-3 Significant impacts, risks and opportunities and their interaction with strategy and business model

The ESRS, their areas of action and corresponding IROs identified by the STS Group's double materiality analysis are listed below. A detailed description of these IROs in relation to the material ESRS topics can be found in the respective ESG chapters:

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
E1	Climate change	Climate change adaption	Yes	Actual positive	Production of lightweight components for the automotive sector
				Risk	Physical and transition risks
				Chance	Competitive advantage through resilience to climate change
		Climate change mitigation	Yes	Actual negative	CO_2 emissions from production operations, suppliers and customers
				Risk	Production failures and business interruptions
				Chance	Increased demand for lightweight components
		Energy	Yes	Actual positive	Lower energy consumption in vehicle operation thanks to lightweight components
				Actual negative	Energy consumption from production processes
				Risk	Rising energy prices
				Chance	Green energy and cost reduction
					Energy independence

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
E2	Pollution	Pollution of air	Yes	Potential negative	Release of volatile organic compounds from production processes and suppliers
				Risk	Fines due to compliance violations
		Pollution of water	Yes	Potential negative	Pollution of wastewater from paint shops
				Risk	Fines for water pollution
		Pollution of soil	No		
		Pollution of living organisms and food resources	No		
		Substances of concern	No		
		Substances of very high concern	No		
		Microplastics	Yes	Potential negative	Formation of microplastics from milling of parts, high-pressure cleaning, burning of thermoplastics
				Risk	Changes in legislation

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
E3	Water and marine resources	Water	Yes	Potential negative	(Low) Consumption of water in production processes
				Risk	Changes in legislation
		Marine resources	Nein		
ESRS	**Topic**	**Sub-Topic**	**Topic classified as relevant during longlist-assessment**	**Impacts/ Risks/ Opportunities (IROs)**	**Description of the IROs**
E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Yes	Actual negative	CO_2 emissions from production processes and suppliers with negative consequences for ecosystems
				Chance	Expanding Business
		Impacts on the state of species	Yes	Actual negative	Due to air pollution and soil contamination (from suppliers and customers)
				Risk	Compliance risk and loss of operating licenses
		Impacts on the extent and condition of ecosystems	Yes	Actual negative	Soil sealing
				Risk	Reputational risk
		Impacts and dependencies on ecosystem services	No		

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
E5	Circular economy	Resources inflows, including resource use	Yes	Actual negative	Significant amount of resources required from suppliers
				Potential positive	Increased material yield and use of secondary raw materials
				Risk	Less competitiveness
				Chance	Increased resilience due to lower material usage
		Resource outflows related to products and services	Yes	Actual negative	Significant resource outflows with limited recyclability
				Potential positive	Improved recyclability through eco-design of products
				Risk	Transition and market risks due to the need to reduce the outflow of materials
		Waste	Yes	Actual negative	Waste volume
				Risk	Reduced competitiveness
				Chance	Increasing competitiveness through resource reuse

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
S1	Own workforce	Working conditions	Yes	Actual positive	Safe working conditions and contented employees
				Potential negative	Dissatisfied employees
				Risk	Legal risks
				Chance	Increased productivity through employee satisfaction
		Equal treatment and opportunities for all	Yes	Potential positive	Increasing employee satisfaction
				Potential negative	Gender inequality in management positions
				Risk	Low employee appeal for women
				Chance	Increasing employee attractiveness through diversity and equal rights
		Other work related rights	Yes	Actual positive	Improving the quality of life and working conditions of employees
				Risk	Working conditions in developing markets
				Chance	Better reputation

ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
S2	Workers in the value chain	Working conditions	Yes	Actual positive	Improvement of supply chain engagement (focus on good working conditions)
				Chance	Stable supply chain
		Other work related rights	Yes	Actual positive	Improvement of supply chain engagement (focus on human rights)
				Risk	Poor reputation for human rights violations in the supply chain
				Chance	Better reputation and positioning in the market
ESRS	**Topic**	**Sub-Topic**	**Topic classified as relevant during longlist-assessment**	**Impacts/ Risks/ Opportunities (IROs)**	**Description of the IROs**
S3	Affected communities	Communities, economic, social and cultural rights	Yes	Potential positive	Creating new jobs, employing young people
				Chance	"Social license to operate"
		Communities, civil and political rights	No		
		Rights of indigenous peoples	No		
ESRS	**Topic**	**Sub-Topic**	**Topic classified as relevant during longlist-assessment**	**Impacts/ Risks/ Opportunities (IROs)**	**Description of the IROs**
S4	Consumers and end-users	Information-related impacts for consumers and/or end-users	No, no direct interaction with the end user. Sales via OEM		
		Personal safety of consumers and/or end-users	No		
		Social inclusion of consumers and/or end-users	No		

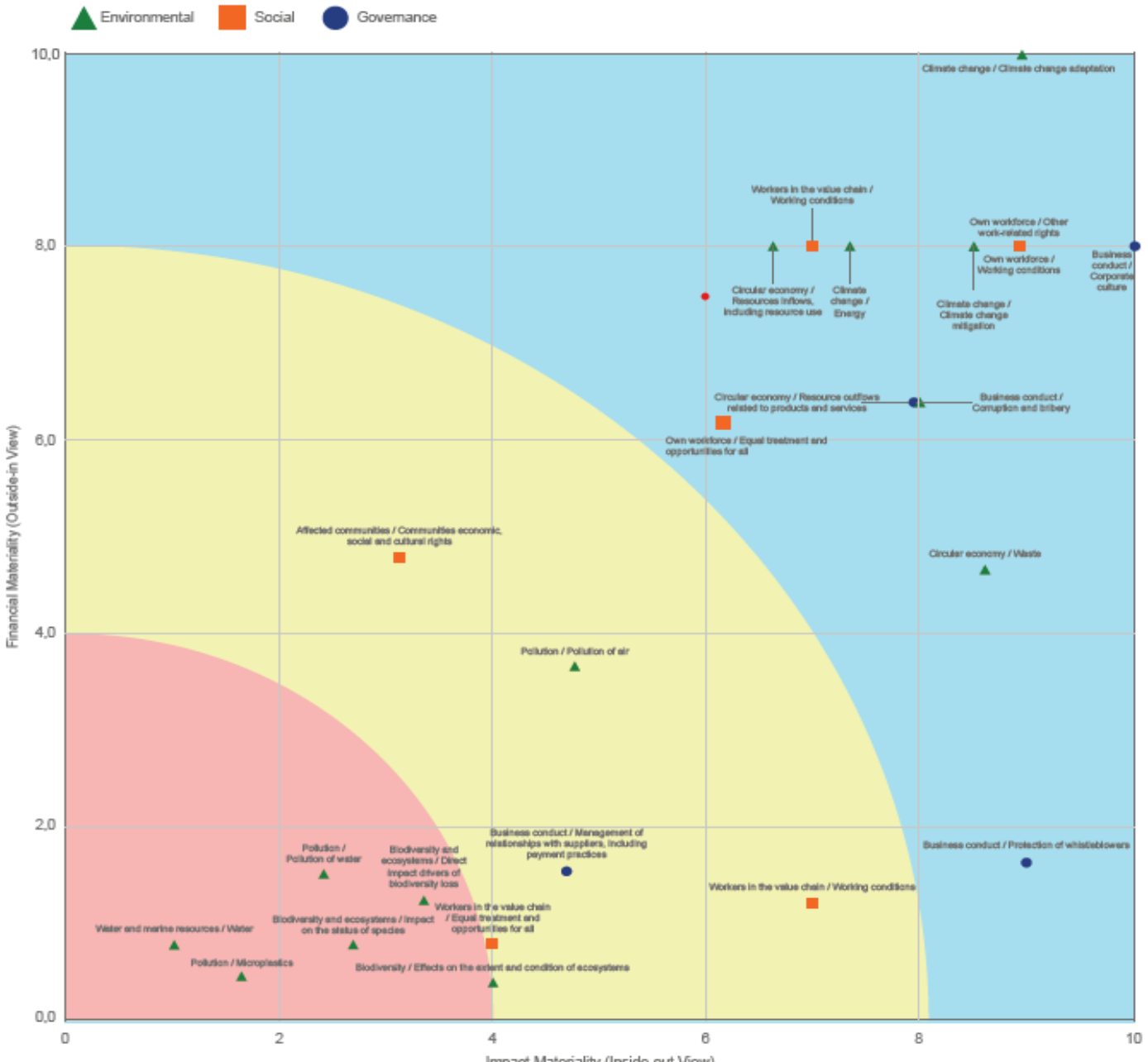
ESRS	Topic	Sub-Topic	Topic classified as relevant during longlist-assessment	Impacts/ Risks/ Opportunities (IROs)	Description of the IROs
G1	Business conduct	Corporate culture	Yes	Actual positive	Positive impact on the working environment and key stakeholders
				Potential negative	Negative effects on employees
				Risk	Reputational risk
				Chance	Competitive advantage
		Protection of whistle-blowers	Yes	Actual positive	Security of whistleblowers
				Chance	Better reputation and competitive advantages
		Animal welfare	No		
		Political engagement and lobbying activities	No		
		Management of relationships with suppliers including payment practices	Yes	Actual positive	Satisfied suppliers and long-established relationships
				Potential negative	Delayed payments to suppliers
				Risk	Interruptions of deliveries due to late payments
				Chance	Stable and trusting business relationships
		Corruption and bribery	Yes	Actual positive	Trained and qualified employees
				Chance	Reputational advantages

Determining the threshold values for materiality

As the ESRS 1 standard does not specify a threshold value and leaves room for interpretation, the CSR team defined threshold values after the IRO quantification by considering qualitative or quantitative data. Quantitative data was favoured as objective evidence for an IRO quantification.

The following materiality matrix has resulted from analysing and evaluating the identified IROs. The matrix was reviewed and discussed with the CSR team and external consultants in order to determine an appropriate scope for reporting. A topic is material as soon as one of the two aspects (impact materiality / financial materiality) exceeds the defined threshold:

After careful consideration, a threshold of 6 - on a scale of 0 to 10 - was set for materiality of impact and financial materiality. This achieved a balance between the consideration of the most important topics for the STS Group and the relevant topics in the value chain.


Environmental
Social
Governance
Financial Materiality (Outside-in View)
Impact Materiality (Inside-out View)
10,0
8,0
6,0
4,0
2,0
0,0
0
2
4
6
8
10
Climate change / Climate change adaptation
Workers in the value chain / Working conditions
Own workforce / Other work-related rights
Own workforce / Working conditions
Business conduct / Corporate culture
Circular economy / Resources inflows, including resource use
Climate change / Energy
Climate change / Climate change mitigation
Circular economy / Resource outflows related to products and services
Business conduct / Corruption and bribery
Own workforce / Equal treatment and opportunities for all
Affected communities / Communities economic, social and cultural rights
Circular economy / Waste
Pollution / Pollution of air
Business conduct / Management of relationships with suppliers, including payment practices
Business conduct / Protection of whistleblowers
Pollution / Pollution of water
Biodiversity and ecosystems / Direct impact drivers of biodiversity loss
Workers in the value chain / Working conditions
Workers in the value chain / Equal treatment and opportunities for all
Water and marine resources / Water
Biodiversity and ecosystems / Impact on the status of species
Pollution / Microplastics
Biodiversity / Effects on the extent and condition of ecosystems

Each ESRS action area covers various topics and sub-topics that were also analysed as part of the IRO analysis. The table below shows the topics that were categorised as relevant for the STS Group as part of the dual materiality analysis.

ESRS	Topic	Sub-Topic	Sub-sub-Topic
E1	**Climate change**	Climate change adaptation	
		Climate change mitigation	
		Energy	
E5	**Resource use and circular economy**	Resource inflows, including resource consumption	
		Resource outflows related to products and services	
		Waste	
S1	**Own workforce**	Working conditions	Secure employment
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, existence of works councils and the information, consultation and participation rights of workers
			Collective bargaining, including rate of workers covered by collective agreements
			Work-life balance
			Health & safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skills development
			Employment and inclusion of people with disabilities
			Measures against violence and harassment in the workplace
			Diversity
		Other work-related rights	Child labour
			Forced labour
			Privacy
S2	**Workers in the value chain**	Working conditions	Secure employment

ESRS	Topic	Sub-Topic	Sub-sub-Topic
			Working time
			Adequate wages
			Social dialogue
			Freedom of association, existence of works councils and the information, consultation and participation rights of workers
			Collective bargaining, including the the proportion of the labour force covered by collective agreements
			Work-life balance
			Health protection and safety
		Other work-related rights	Child labour
			Forced labour
			Privacy
G1	**Business Conduct**	Corporate culture	
		Protection of whistleblowers	
		Corruption and bribery	Prevention and detection including training
			Incidents

2. REPORTABLE ASPECTS

ENVIRONMENTAL CONSIDERATIONS

CLIMATE CHANGE (ESRS E1)

The automotive industry faces the challenge of managing the transition to climate-neutral mobility while maintaining its economic strength and global competitiveness. With the ambitious climate targets set by Europe and Germany, including the EU "Fit for 55" package and the German commitment to carbon neutrality by 2045, the industry must drive the transition towards electrification and sustainable supply chains. In this context, STS Group is facing up to the challenge that only locally emission-free new vehicles (passenger cars and light vehicles) may be brought onto the market in the EU from 2035.

E1.MDR-P

STS Group is part of the mobility of the future. As a supplier to the global commercial vehicle and automotive industry, the STS Group is aware of its role in shaping the sustainable mobility of the future by manufacturing products for the automotive industry that make a concrete contribution to reducing environmental impact. The company's ecological responsibility is therefore anchored in the Group's product concept: to manufacture vehicle components which, thanks to their lightweight construction and design, contribute to reducing overall weight, improving aerodynamics and thereby lowering CO_2 emissions from vehicles.

STS has a Group-wide environmental policy and an energy efficiency policy to manage the main impacts, risks and opportunities associated with climate protection and adaptation to climate change.

The environmental policy developed by the Adler Pelzer Group has been adapted by the STS Group and promotes compliance with international environmental standards along the entire value chain. This policy is based on international industry practices and standards for environmental management, includes resource efficiency measures, sets out minimum requirements for suppliers and covers key environmental issues, including the efficient use of energy and other resources, the reduction of GHG emissions, waste and chemical management and waste disposal.

The Energy Efficiency Directive complements the Environmental Directive and presents a series of guidelines and best practices on the following topics:

Power efficiency:

- Optimise settings
- Lighting
- Compressed air
- Heating and cooling
- Process and technology

Gas efficiency:

- Optimise setting
- Heating and cooling

Water efficiency

E1.MDR-T; E1-4 - Objectives related to climate change mitigation and adaptation

The environmental targets for adaptation to climate change and climate protection include the reduction of CO_2 emissions from our own business activities (total Scope 1 and 2 emissions) and along the value chain (Scope 3). Since 2022, the Adler Pelzer Group has been calculating and monitoring Scope 3 emissions from the upstream and downstream value chain. These also include the emissions of the STS Group, although Scope 3 emissions have only been reported separately for the STS Group since the 2024 reporting year

The main target was set to reduce the Group's GHG emissions - with a focus on Scope 1 and 2 emissions - by 50% by 2026 (the base year is 2021). CO_2 emissions are calculated regularly based on the requirements of the GHG Protocol, collected annually and reported in the CDP report. The CDP report helps the STS Group to document and assess its environmental impact transparently and to identify its potential for improvement accordingly.

E1.MDR-A

The STS Group endeavours to improve the energy efficiency of its production processes and sites and to achieve a more efficient and economical use of resources. All STS Group production plants have an environmental management system that is certified in accordance with the international ISO 14001 standard. The environmental management system regulates the responsibilities and processes of operational environmental protection in order to comply with legal requirements and to support the sustainable environmental compatibility of operational processes and products in conjunction with the responsible use of resources by employees. In order to manufacture and supply products that fulfil the legal regulations, the STS Group uses established processes and carries out regular process reviews. The review of the processes essentially relates to the regular internal and external audits as part of the ISO 14001 certification for all production plants. The results of internal and external audits are communicated and necessary improvements are introduced. The Group's sites are also certified in accordance with the IATF 16949 standard, which is recognised in the automotive industry. Compliance with the requirements is ensured through both internal audits and audits by the certification companies. Based on the results, continuous improvement programmes are pursued and the results communicated.

In the CSR strategy adopted by the Adler Pelzer Group, the concept of environmental management and environmental protection is reaffirmed several times and is set out

in particular in the following documents: In the Code of Conduct for Employees, in the Code of Conduct for Business Partners and in the Environmental Guidelines for Suppliers contained in the "Policy statement LkSG". By introducing this internal set of rules, the STS Group is demonstrating its commitment to environmentally conscious corporate governance, in particular:

- To consider the environmental impact of new activities and new production processes.
- For the responsible and conscious use of natural resources.
- To develop constructive cooperation based on maximum transparency and trust, both internally and with the external community and institutions.
- To ensure a high standard of safety and environmental protection through the introduction of effective management systems.

E1-1 - Transition plan for climate change mitigation; E1-2 - Strategies related to climate change mitigation and adaptation

In line with Adler Pelzer Group's CSR strategy, STS Group aims to reduce its Scope 1 and 2 emissions by 50% by 2026 (compared to the base year 2021). In order to achieve the climate targets, STS Group has adopted and implemented certain measures from Adler Pelzer Group since 2021, which contribute to making the company, production processes and products of both groups of companies more sustainable.

- Use of renewable energy: switch to "Green Energy" contracts; projects for photovoltaic systems in the plants, construction of a wind power plant New production processes: APG ECO , among others
- Circular economy / recycling: E.g. APG REC Line; use of recycled material in production processes
- Fuel Switch: Reducing the consumption of conventional fuel, among other things,
- Avoidance of business trips

E1-3 - Measures and resources in connection with the climate strategies

The Group's environmental goals can only be achieved through a holistic approach. The path to reducing CO_2 emissions has therefore been divided into six paths, for each of which specific measures have been defined and implemented:

Fields of work	Fuel Switch (5%)	Renewable Heat (10%)	New Processes (10%)	Circularity & Recycling (15%)	Renewable Power (25%)	Material & Process (35%)
Actions	Reducing the consumption of fossil fuels	Increasing the efficiency of heating and cooling systems	Life Cycle Assessment & Cradle to Grave	Post-Consumer-Recycling: recycling materials that have already been used by consumers	Green electricity supply contracts	Measuring energy consumption in key processes e.g. foaming, SMC moulding & painting, carpet
	Acquisition of new lift trucks	Cross-site standards for the procurement of new heating and cooling systems	Optimisation of design and processes of the same performance with lower weight	Recycling of production waste in other product lines	Direct investments with regional and global energy suppliers	
	Reduction of business trips			Recycling of material waste in the same process		
	Remote-Work			>25% recycled material in products		
	Switching the company fleet to electric cars					

E1.IRO-1 - Description of procedures for the identification and assessment of significant climate-related impacts, risks and opportunities

As part of the double materiality analysis, both positive and negative impacts (actual and potential), opportunities and risks relating to climate change were identified and analysed. All topics of the ESRS E1 standard were analysed in detail in several workshops with the STS Group's environmental experts. To analyse the identified IROs, the entire value chain of the STS Group was considered - with a focus on global Tier 1 suppliers and business customers.

E1.SBM-3 - Significant impacts, risks and opportunities and their interaction with strategy and business model

In the areas of "adaptation to climate change" and "climate protection", the STS Group primarily identified positive effects from the vehicle components produced. These result from the lightweight construction and design of these components, which reduces the total weight of customers' vehicles and thus their CO_2 emissions. The STS

Group also ensures compliance with all relevant environmental regulations and fulfils the requirements of the international environmental management standard ISO 14001:2015. Both internal audits and audits by certification companies are carried out regularly to ensure compliance with these requirements.

The main negative effects on the environment were mainly identified in the greenhouse gas emissions from the production processes of the STS Group's production facilities and suppliers, their transport routes and the activities of business customers in the automotive sector.

In addition, physical and transitory risks were identified as direct consequences of climate change, which were analysed in more detail in a comprehensive climate risk analysis.

The main natural hazards include flooding and heat stress, which can damage production facilities, affect employees' ability to work and logistics and generally jeopardise the production targets of the entire Group. All locations are exposed to acute and chronic natural hazards. The coastal regions (Jiangyin and Wuxi) are particularly vulnerable to sea level rise, river flooding and storm surges. The risks identified are presented in more detail in the section describing the climate risk analysis.

At the same time, various **cross-location transition risks** were identified that could also cause production stoppages and disruptions to business operations. A list of all identified transitional risks can be found in the climate risk analysis section.

However, the need to reduce CO2 emissions and the increasing sustainability requirements in the automotive industry may also result in significant opportunities for the STS Group. For example, the opportunities presented by rising demand for lightweight components for vehicles and the development of low-emission products have been identified as a way of acquiring new customers and generating higher sales.

Both negative and positive effects were identified with regard to the topic of "energy". The production processes of the plant and offices require a large amount of energy, which in turn causes CO2 emissions. Lightweight components reduce the energy consumption of electric vehicles (positive impact for business customers). In terms of analysing opportunities and risks, the rising energy price was identified as the main risk factor, although the opportunities of using renewable energy, which is associated with

a long-term reduction in operating costs and better positioning on the market, must also be taken into account.

CLIMATE RISK ANALYSIS

In the reporting year, the STS Group - supported by external partners - carried out a site-specific analysis of the company's physical climate risks in the two regions at two locations where the majority of the company's taxonomy-related economic activities take place. The corresponding measures to mitigate the identified risks were also determined for these locations and proposals were submitted if no measures were available. In accordance with the requirements of the EU taxonomy, the physical climate risks were divided into two categories: acute and chronic risks. Acute risks arise from event-related hazards such as extreme rainfall or flooding, while chronic risks relate to long-term changes in climate patterns, including rising sea levels and rising average temperatures.

Based on this location-specific analysis, a cross-location identification of significant natural hazards was also carried out. In addition, transition risks (transitory risks) were identified and assessed for the entire Group in accordance with the CSRD. Transition risks comprise several categories:

- Political and regulatory risks, such as CO_2 pricing and evolving regulations for existing products.
- Technological risks, including the cost of implementing lower-emission technologies.
- Market risks arising from changes in customer preferences and product demand.
- Reputational risks arising from rising stakeholder expectations products in terms of climate impact.

The methodology

Based on the delegated act on climate change (EU taxonomy), the STS Group assesses the physical climate risks taking into account the latest report of the Intergovernmental Panel on Climate Change (IPCC). In 2024, it is the sixth report, IPCC AR 6, which introduces the so-called Shared Socio-economic Pathways (abbreviated to SSPs)

The following SSPs were taken into account when analysing the STS Group's locations:

- SSP1-2.6: Sustainability: Taking the Green Road (in accordance with Paris Climate Agreement);
- SSP2-4.5: Middle of the road;
- SSP5-8.5: Fossil-fuelled Development: Taking the Highway.

First step: Creation of a solid database and identification of site characteristics and relevant natural hazards

In the first phase of the climate risk analysis, the requirements of the climate risk analysis were explained as part of an introductory workshop. In addition, the double materiality analysis carried out was considered as a basis for taking the identified IROs in relation to the E1 topics as the basis for the climate risk analysis. Information was then collected on the production sites relevant to the EU taxonomy. Where relevant, the origin of important production resources and the associated transport routes were also taken into account - as part of the analysis of the entire value chain. In addition, potential climate-related natural hazards were identified for the four selected locations in accordance with the catalogue of acute and chronic climate risks in the Taxonomy Regulation. External data sources were used for this purpose. Site-specific interviews with STS experts were conducted virtually. In addition, the key system elements for each site were defined (e.g. buildings, IT infrastructure, machinery, power supply, etc.) and the relevant natural hazards were identified for each element, which were taken into account in the further risk analysis.

Climate-related natural hazards according to the EU taxonomy:

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation or hydrological variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction
			Sea level rise	
			Water stress	
Acute	Heat wave	Cyclone, hurricane, typhoon	Drought	Avalanche
	Cold wave/frost	Storm (including blizzards, dust and sandstorms)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Wildfire	Tornado	Flood (coastal, fluvial, pluvial, ground water)	Subsidence
			Glacial lake outburst	

Second step: Climate risk analysis and site-specific assessment

In the second phase, dependencies between system elements and relevant natural hazards were analysed, based on historical damage data and external climate data. Some of the climate-related natural hazards listed could be excluded from the assessment either due to the geographical location of the site or due to the fact that they do not have a negative impact on the system elements. This was followed by an assessment of the short, medium and long-term development of relevant climate-related natural hazards, taking into account various emission scenarios. In addition, site-specific interviews were conducted with experts in order to discuss the interactions between system elements and climate risks and to carry out an overall qualitative assessment. Historical climate trends and short-term forecasts were used for the risk assessment, while an observation period of 10 to 30 years was used for the future scenarios. Existing and potential adaptation measures were identified and discussed. Significant climate-related transition risks and opportunities were also identified

Risks are assessed according to the following system:

Low:

- Only minimal operational disruptions are to be expected.
- Operational processes could be disrupted, but can be immediately transferred to other locations (internal outsourcing).
- In individual cases, it is advisable to check the location.
- Adaptive measures are only appropriate in exceptional cases.

Middle:

- Moderate malfunctions are possible.
- Operational processes cannot be relocated immediately.
- The production of all goods except SMC products can be outsourced, but for a maximum of two months.
- An on-site assessment of the situation is strongly recommended.
- Adaptive measures must be implemented on a case-by-case basis.

High:

- Significant operational disruptions are to be expected.
- The production of all goods except SMC products would have to be outsourced for more than two months.
- Effective adaptive measures are required to reduce the risk (to achieve taxonomy compliance).

Third step: company-wide climate risk analysis

In the third phase of the assessment, the site-specific climate risk reports were prepared in accordance with the requirements of the EU taxonomy - for the four selected sites. In addition, the identified cross-site potential natural hazards for the remaining sites were analysed during a workshop with various STS Group experts. This was followed by a comprehensive review of all risks and opportunities in connection with the climate-related transition phase - initially as a gross assessment, without taking into account existing or planned measures. The focus was on the discussion of short, medium and long-term transition risks in the areas of politics and law, technology, market and reputation that could be relevant for the STS Group. This was based on an optimistic climate scenario that envisages limiting global warming to 1.5 °C.

Site-specific climate risk analysis focussing on system elements (according to EU taxonomy requirements)

Location Jiangyin, China:

No significant high risks were identified for this site, only medium risks for certain system elements.

The natural hazards "forest fire", "tropical storms (cyclone, hurricane, typhoon)", "storm" and "tornado" each currently pose a medium risk to at least one system element (buildings, machinery and power supply). Medium risks are not critical, but require attention and risk minimisation strategies. These natural hazards can lead to temporary business interruptions and thus to outsourcing. Internal outsourcing is an additional option for most processes, depending on the capacities and preparation time of other locations.

Depending on the development of natural hazards and the vulnerability of the site, the risk level for certain system elements may change in the future. In the event of "heat stress" and "heat wave", the risk of the workforce being affected may increase from "low" to "medium". In the event of "forest fire", the risk of an impairment of the power supply could increase from "medium" to "high", and the risks of an impairment of the workforce, access to the site and regional accessibility are expected to increase from "low" to "medium". In the case of "ground subsidence", the risks of damage to the building and the warehouse building (interior) are also expected to increase from "low" to "medium". In these cases, the natural events may occur with greater intensity, frequency or less time to prepare, increasing the future risks to the affected system elements. If necessary, further mitigation strategies should be considered and implemented.

An interesting outcome of the analysis of this site was the essentiality of the external power supply. This system element is essential to the operation of the site and any interruption to the power supply poses a fundamental risk to operational integrity, regardless of the climate-related chronic and acute natural hazards. The site is heavily dependent on the power supply and has no backup power source. Nevertheless, the ability to adapt to the aforementioned risks and measures appears to be sufficient at present. Many of the current protective measures against temperature-related hazards - such as air conditioning systems - are dependent on a stable power supply. The site is currently insured against damage from natural hazards, with the exception of tsunamis.

Location Wuxi , China:

Only medium risks were identified for certain system elements at the Wuxi site.

As the processes carried out on site predominantly utilise IT-based resources, all essential processes could be continued on site, regardless of location. This enables a certain resilience of the activities carried out on site to a range of natural hazards.

Nevertheless, forest fire is a natural hazard that poses a medium risk to at least one system element of the site. This medium risk assessment indicates that although forest fire cannot be considered highly critical, it still requires attention and mitigation strategies.

There is a forest fire risk for the Wuxi site due to the serious damage that a forest fire

could cause to the local IT infrastructure, including IT equipment and the main server. Although STS Group, as the tenant of the buildings, would not be responsible for the costs of damage to the buildings, the company would incur costs in connection with temporary business interruptions and the restoration of the IT infrastructure.

Depending on the development of natural hazards and the vulnerability of the site, the risk level for certain system elements may change in the future. In the case of "ground subsidence", the risk of damage to buildings, IT equipment and infrastructure and labour could increase from "low" to "medium". In these cases, the natural event may occur with greater intensity, frequency or less time to prepare, increasing the future risks to the affected system elements. Other risk mitigation strategies should be considered where appropriate.

The other natural hazards assessed either had a minor impact on the system elements or were categorised as irrelevant for the operation of the site.

An important finding of this report is the relevance of the research and development team (R&D team). The R&D team is crucial for key technological development processes for all STS Group sites in China. The unavailability or loss of personnel in this team poses a fundamental risk to operational integrity, regardless of the climate-related chronic and acute natural hazards.

Location Tournon, **France**:

Significant high risks were identified for the Tournon site due to the natural hazard "flooding" for the system elements "chemical storage", "machinery", "power supply", "access to the site" and "regional accessibility".

In addition, a high risk of "ground subsidence" was identified for the "machinery" system element. These high-risk assessments emphasise the need for appropriate risk management strategies to minimise risk.

The natural hazards "heat wave", "forest fire", "tornado", "heavy precipitation", "flooding" and "subsidence" each currently pose a medium risk for at least one of the defined system elements. These medium risks have not been categorised as critical, but nevertheless require attention and mitigation strategies.

Depending on the development of natural hazards and the vulnerability of the site, the risk level for certain system elements may change in the future. In the event of a "heat

wave", the risk of damage to chemical storage could increase from "medium" to "high", which means that further mitigation strategies should be considered. In addition, the risk of damage to machinery due to heavy rainfall could change from "medium" to "high". For the climate-related natural hazards "heat stress" and "heat wave", the risk of impairment of the workforce could increase from "low" to "medium". In addition, the risk of damage to machinery and the power supply due to a heatwave could change from "low" to "medium". In these cases, the natural hazards may occur with greater intensity, frequency or less time to prepare, which increases the future risks for the affected system elements. Additional risk mitigation strategies should be considered and implemented as needed.

An important finding from this report is the relevance of the external power supply. This system element is essential for the smooth operation of the site and any interruption to the power supply poses a fundamental risk to operational integrity, regardless of climate-related chronic and acute natural hazards.

Location St. Desirat, France:

For the St. Desirat site, significant high risks from the natural hazard "flooding" were identified for the system elements "building", "basement", "machinery", "water supply", "power supply" and "workforce".

The natural hazards "heat stress", "heat wave", "cold spell", "forest fire", "tornado", "drought", "heavy precipitation", "flooding" and "subsidence" each currently represent a medium risk for at least one of the defined system elements.

Depending on the development of natural hazards and the vulnerability of the location, the risk level for certain system elements may change in the future. For the natural hazard "heavy precipitation", the risk of damage to the basement could change from "medium" to "low" in the future. The risk of an impaired gas supply due to a "cold spell" could also change from "medium" to "low".

In the case of the climate-related natural hazard "drought", the risk of damage to machinery could change from "medium" to "high", which means that further risk mitigation strategies should be considered. In addition, the risk of power supply disruption due to "heat waves" could increase from "low" to "medium". Furthermore, the risk of "ground subsidence" to outdoor storage, power supply, workforce and regional accessibility could increase from "low" to "medium" in the future. In these

cases, the natural hazards may occur with greater intensity, frequency or less time to prepare, which increases the future risks for the affected system elements.

A key finding of this report is the relevance of the external power supply. This system element is essential for the functioning of the site and any interruption to the power supply poses a fundamental risk to operational integrity, regardless of the climate-related chronic and acute natural hazards.

	STS Group production sites											
Physical climate risks:	Blainville	Izernore	Candel	Jiangyin	Précigné	Qindao	Ramos	Salem	Shiyan	St Desirat	Tournon-sur Rhône	Wuxi
Rise in sea level	**x**			**x**								**x**
Flooding				**x**						**x**	-	**x**
Storm				**x**								
Tornado	**x**		**x**	**x**	**x**	**x**			**x**		-	**x**
Water stress	**x**				**x**	**x**	**x**	**x**				
Drought	**x**			**x**	**x**	**x**			**x**			**x**
Ground subsidence						**x**	**x**					
Heat stress	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**x**
Heatwave				**x**		**x**			**x**			**x**
Heavy precipitation				**x**		**x**			**x**			**x**
Temperature fluctuations			**x**									

Physical risks:

The natural hazards identified are presented below using a "heat map" for all production sites. The hazards classified as "High" and "Very High" were considered to be material natural hazards and were therefore analysed in the later phase of the qualitative risk assessment:

Identified cross-location climate risks (Group-wide):

Identified transition risks (across all locations, in accordance with the requirements of the CSRD):

The STS Group's locations are exposed to transition risks resulting from the following factors:

- Migration of customers to alternative sustainable technologies and solutions
- Rising costs due to the development and increase in sustainability-related legislation
- Cost-intensive R&D measures for sustainability can impair competitiveness if customers do not accept higher prices
- Inability to keep pace with the rapid transition to a low-carbon economy
- Lack of qualified personnel
- Rising prices for raw materials and transport
- Disruptions in the supply chain
- Costs and resource allocation due to ensuring ESG data quality
- Incorrect allocation of resources due to political and regulatory uncertainties

ENERGY

E1-5 - Energy consumption and energy mix

Fuel consumption from coal and coal products (MWh)	**n/a**
Fuel consumption from crude oil and petroleum products (MWh)	1,583
Fuel consumption from natural gas (MWh)	41,711
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	n/a
Total fossil energy consumption (MWh)	**43,294**
Share of fossil fuels in total energy consumption (in %)	**44.7%**
Energy intensity of activities in climate-intensive sectors (*)	321,6 (MWh/mEUR)
Consumption from nuclear sources (MWh)	**n/a**
Share of consumption from nuclear sources in total energy consumption (in %)	**n/a**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	n/a
Consumption from purchased or received electricity, heat, steam and cooling and from renewable sources (MWh)	n/a
Consumption of self-generated renewable energy other than fuels (MWh)	0 MWh (market-based)
Total energy consumption of renewable energy (MWh)	**n/a**
Share of renewable sources in total energy consumption (in %)	**n/a**
Total energy consumption in connection with own operations (MWh)	**96,951 MWh**

(*) Sectors with high climate relevance are NACE sections A to H and L as defined in Commission Delegated Regulation EU 2022/1288. The STS Group falls under NACE category C29.3.2 - Manufacture of other parts and accessories for motor vehicles.

GREENHOUSE GAS EMISSIONS

E1-6 - Gross GHG emissions in Scope 1, 2 and 3 categories and total GHG emissions

	Retrospective			Milestones and target years		
	Base year (2021)	**Comparative (2023)**	**2024**	**2025**	**2030**	**Annual % target/ Base year**
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2eq)	12,542	6,990	8,677			+24.1 / -30.8
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0			
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO_2eq)	15,777	13,683	12,306			-10.0 / -22.0
Gross market-based Scope 2 GHG emissions (tCO_2eq)	15,939	12,239	11,721			-4.2 / -26.5
Significant Scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	-	-	**99,024**			-
1. Purchased goods and services	-	-	72,471			-
2. Capital goods	-	-	1,146			-
3. Fuel and energy-related Activities (not	-	-	3,151			-

	Retrospective			Milestones and target years		
included in Sope 1 or Scope 2)						
4. Upstream transportation and distribution	-	-	10,016			-
5. Waste generated in operations	-	-	4,562			-
6. Business traveling	-	-	351			-
7. Employee commuting	-	-	346			-
9. Downstream transportation	-	-	2,149			-
10. Processing of sold products	-	-	4,416			-
12. End-of-life treatment of sold products	-	-	416			-
Total GHG emissions	**Base year (2021)**	**Comparative (2023)**	**2024**	**2025**	**2030**	**Annual % target/ Base year**
Total GHG emissions (location-based) (tCO_2eq)	28,319	20,673	S1+S2 LB (location-based): 20,983 All scopes: 120,007			Scope 1&2 only: +1.5 / -26.0
Total GHG emissions (market-based) (tCO_2eq)	28,481	19,229	S1+S2 MB (market-based): 20,395 All scopes: 119,419			Scope 1&2 only: +6.1 /-28.4

RESOURCE UTILISATION & CIRCULAR ECONOMY (ESRS E5)

E5.IRO-1 - Description of procedures for the identification and assessment of significant impacts, risks and opportunities related to resource use and the circular economy

The dual materiality analysis was carried out in the 2024 reporting year as part of several on-site and virtual workshops with contact persons from various company departments who represented the interests and perspectives of the most important stakeholder groups.

In the detailed IRO analysis, the impacts, risks and opportunities in relation to the E5 topics "Resource utilisation & circular economy" were discussed and evaluated. The following IROs were identified and assessed for this ESRS standard:

- Risks: Transition and market risks such as loss of competitiveness due to insufficient reduction of production waste; risk of loss of orders if resource utilisation for manufacturing processes is not reduced
- Negative impacts - identified in our own production processes and in the supply chain: waste generation, significant resource outflows, material consumption for the manufacture of products and creation of resources by suppliers.
- Potential positive effects - in the future development of the STS Group's production processes: improved recyclability of products through eco-design; increased utilisation of secondary resources and reduction of primary resources.
- Opportunities - increased resilience and increased attractiveness for customers through lower material and primary raw material consumption; waste reduction and reuse of resources.

E5.MDR-P

In 2024, the STS Group will continue to promote the sustainable use and economical use of natural resources. The Group is therefore committed to implementing measures to reduce the negative impact of resource use on nature wherever the Group can act, i.e. in the design of products and the selection of materials - and where measurable negative impacts are identified as a result of the manufacture and transport of products. To manage the issues relating to resource utilisation and the circular economy, the STS Group has an environmental guideline ("Environmental Guidelines" of the Adler Pelzer Group), which covers the following topics, among others:

- Environmental management system
- Sustainable use of resources
- Waste management
- Chemicals management
- Waste water drainage

The environmental policy stipulates that the STS Group and its suppliers worldwide must comply with agreed guidelines and frameworks for the sustainable use of resources and must have a strategy to progressively improve their efficiency with specific measures to eliminate all forms of waste and reduce energy use with a focus on energy efficiency.

E5-1 - Strategies related to resource utilisation and the circular economy

As part of its environmental strategy, the STS Group has set itself the goal of using resources more efficiently and sparingly and continuously improving recyclability. All STS Group production plants have an environmental management system that is certified in accordance with the international ISO 14001 standard. The environmental management system regulates the responsibilities and processes of operational environmental protection in order to comply with legal requirements and to support the sustainable environmental compatibility of operational processes and products in conjunction with the responsible use of resources by employees.

E5-3 - Goals related to resource utilisation and circular economy

The overarching objectives relating to the topics under standard E5 were defined by the STS Group in coordination with the Adler Pelzer Group's CSR strategy:

- Reduction of resource consumption
- Promotion of the circular economy
- Procurement of renewable materials
- Waste reduction

STS Group and Adler Pelzer Group refer to the frameworks of the following legislation: European Climate Law - the German Federal Constitution Court has ruled that the Federal Climate Change Act (of 2021) must contain sufficient specifications for emission reductions after 2030. This judgement reaffirms the binding nature of climate targets and obliges the government to set more detailed, legally binding targets.

The definition and application of the following levels in the STS Group's waste hierarchy is a prerequisite for achieving the waste reduction targets:

- **Avoiding waste** by applying lean manufacturing to optimise material consumption and minimise waste. Parts are designed so that less raw material is required - through high-precision cutting or moulding to reduce waste.
- **Reducing waste** to minimise the amount of toxicity generated, for example by switching to non-toxic or low VOC adhesives and resins and using standardised raw material dimensions to minimise waste.
- **Reuse of materials:** Reuse of large offcuts or waste in the production processes.
- **Recycling:** Converting waste material into new raw materials or products.
- **Disposal:** Safe disposal of waste that cannot be reused, recycled or utilised.

Concrete measures were agreed to enable the defined targets to be achieved

- Reduction in the use of virgin materials.
- Increasing the proportion of renewable or recycled materials.
- Implementation of circular design principles, increased recyclability.
- Increase the proportion of sustainably sourced renewable materials.

E5-MDR Targets

The reduction of resource consumption and the use of virgin materials to a maximum of 75% was defined as a benchmark so that the proportion of renewable or recycled ingredients can be increased. These corporate targets were determined together with the Adler Pelzer Group, based on the CSR strategy. The following two short-term targets (at Adler Pelzer Group level) were set Group-wide to monitor the Group's targets in connection with the circular economy and conservation of resources:

- Reduction of at least 5% waste per year by 31 December 2025 (measured in metric tonnes delivered per component).
- Reduction in energy consumption of at least 5% per year, also by 31 December 2025 (measured in kWh per working hour).

E5-5 - Resource outflows

The product service life corresponds to the service life of the vehicle. All product components are designed to remain functional for the entire service life of the vehicle.

Should a replacement nevertheless become necessary, this will only be carried out by replacing individual components. However, due to the design features and material properties of the components used, it is ensured that they will fulfil their function under normal operating conditions for the entire service life of the product

All methods used to calculate the data are described in detail and disclosed in the KPI definition manual and are briefly described here in the following section.

The total amount of waste generated in 2024 was 3,579.17 metric tonnes. The total hazardous waste volume was 1,291.98 metric tonnes.

All waste streams that are relevant to the STS Group's sector or business activities are listed below:

- **Material waste**:
  - Production waste (offcuts, rejects)
  - Defective raw materials (e.g. damaged fabric rolls, warped fibreglass panels or contaminated resins)
  - Non-saleable/non-specification-compliant components
- **Process waste:**
  - Dust/fine dust
  - Excess adhesives and resins (e.g. polyurethane)
  -
  - Packaging waste
- **Production-related waste:**
  - Used tools and equipment (e.g. worn cutting tools/damaged machine components)
  - Maintenance waste (e.g. oils, lubricants and filters)
  - Personal protective equipment (e.g. gloves, masks)
- **Hazardous waste:**
  - Chemical waste (e.g. solvents, hardeners or cleaning agents)
  - Contaminated material
  - Resin curing waste
  - Used filters
- **Recycling:**
  - Reusable production waste, recyclable material
- **General office and plant waste:**

- Administrative waste
- Canteen waste (organic waste, food packaging)

In 2024, the STS Group further developed its environmental strategy in close coordination with the Adler Pelzer Group and revised its objectives and measures. The double materiality analysis enabled the Group to focus specifically on the most important identified environmental issues and identify all relevant IROs. This enabled an even more precise strategic focus and opened up new opportunities to turn challenges into opportunities. In addition, the STS Group remained committed to minimising negative environmental impacts and continuously improving its positive contribution to environmental protection.

EU TAXONOMY INFORMATION

On 18 June 2020, the European Union adopted the EU Taxonomy Regulation (Regulation (EU) 2020/852) as part of the Green Deal to steer financial flows towards environmentally sustainable economic activities. The regulation provides for a classification and assessment system according to which an economic activity can be categorised as environmentally sustainable. According to Articles 3 and 9 of the EU Taxonomy Regulation, an economic activity is environmentally sustainable if it:

a. makes a substantial contribution to at least one of the six environmental objectives defined in the EU Taxonomy Regulation ("Substantial contribution"),
b. does not lead to a significant impairment of one or more of these environmental objectives ("Do no significant harm" - DNSH) and
c. is carried out in compliance with minimum social standards ("minimum safeguards").

The six environmental objectives under Article 9 of the EU Taxonomy Regulation are:

- climate protection,
- adaptation to climate change,
- the sustainable use of water resources,
- the transition to a circular economy,
- the prevention of soiling,
- the protection of ecosystems and biodiversity.

Delegated Regulation (EU) 2021/2178 defines that information on so-called taxonomy-eligible and taxonomy-aligned economic activities must be disclosed. A taxonomy-eligible economic activity is an economic activity that is included and described in the EU Taxonomy Regulation, while a taxonomy-aligned economic activity is an economic activity that fulfils the requirements of the "substantial contribution" and DNSH requirements and is implemented in compliance with the minimum social standards. Consequently, taxonomy-eligibility is a necessary but not a sufficient condition for an economic activity to be categorised as environmentally sustainable, while taxonomy-alignment is a sufficient condition. In addition, the EU Taxonomy Regulation defines enabling activities and transitional activities in Articles 10 and 16. Enabling activities are those activities that make it possible for another economic activity to be carried out sustainably without leading to a lock-in effect. Transitional activities, on the other hand, are economic activities that are in line with the goals of the Paris Climate Agreement and for which there is no technologically and economically feasible low-carbon alternative.

In order to measure the degree of sustainability of a company, the shares of

- sales (turnover),
- Capital expenditure (CapEx) and
- Operating expenses (OpEx)

of both taxonomy-eligible and taxonomy-compliant economic activities in the respective total turnover, total investment expenditure and total operating expenses. With Delegated Regulation (EU) 2023/2486 ANNEX II, the European Commission has updated the reporting template for the detailed presentation of key figures relevant to turnover.

Approach

As early as the 2022 reporting year, economic activities were identified for the STS Group's European locations that are considered taxonomy-eligible in accordance with the EU Taxonomy Regulation. Based on these findings, the analyses were further refined in the following years and adapted to regulatory developments, in particular Regulation (EU) 2023/2486. A taxonomy conformity check was also carried out. In the 2024 reporting year, a global analysis was carried out for the first time in order to fulfil the CSRD reporting requirements. As a result, the taxonomy-compliant activities for the 2024 reporting year were recorded Group-wide. An interdisciplinary team was put

together within the STS Group for this purpose, combining expertise from all relevant business areas and ensuring consistent implementation of the taxonomy requirements. Taxonomy-eligible business activities were identified in various virtual workshops with external consultants and the respective contact persons at the various locations worldwide. Once the taxonomy-eligible activities had been identified, the so-called "Technical Screening Criteria" were analysed to determine the conformity of the eligible economic activities with the support of software and external consultants.

The economic activities identified as relevant for the STS Group in accordance with the EU Taxonomy Regulation are:

- Production of other low-carbon technologies,
- Production of batteries,
- Production of automotive and mobility components,
- Production of plastics in primary form,
- Acquisition and ownership of buildings and
- Market-orientated research, development and innovation.

The STS Group focuses on the production of vehicle components using SMC (Sheet Moulding Compound) technology, which efficiently replaces metal components and contributes to the reduction of greenhouse gas emissions from vehicles by reducing the overall weight of these vehicles. For this reason, "climate protection" was chosen as the environmental objective. The procedure for the conformity test is explained below.

Relevant areas of the EU Taxonomy Regulation

The production of other low-carbon technologies is an enabling activity and is defined as the production of technologies that aim to significantly reduce greenhouse gas emissions in other economic sectors not explicitly described in the Delegated Regulations of the EU Taxonomy Regulation. STS Group's core competence is the production of particularly lightweight vehicle components. The use of a composite material made of plastic - produced at the MCR (Mixed Composites Recyclables) site - instead of metal, as is usually the case, enables a reduction in weight, greater freedom of design and customisation of the production parts and improved aerodynamics, thus leading to a reduction in greenhouse gas emissions during use. These and other

particularly lightweight technologies are manufactured by the STS Group using the sheet moulding compounds (SMC) process.

The manufacture of batteries is an enabling activity and is defined as the manufacture of rechargeable batteries, battery packs and accumulators for transport, stationary and off-grid energy storage and other industrial applications, the manufacture of the corresponding components (active battery materials, battery cells, housings and electronic components) and the recycling of used batteries. The STS Group produces battery compartment covers for electric vehicles. These battery covers are characterised by a lightweight composite material that is specially designed for extremely high temperatures. This material also offers greater design freedom and a lower weight.

Manufacture of automotive and mobility components is an enabling activity and is defined as the manufacture, repair, maintenance, retrofitting, reuse and upgrading of mobility components for zero-emission personal mobility aids as well as vehicle and mobility systems, components, separate technical units, parts and spare parts. In 2023, STS Group prepared the production of components in accordance with the requirements of the regulation, which are scheduled to go into series production in 2024.

The production of plastics in primary form is a transitional activity and is defined as the production of resins, plastics and non-vulcanisable thermoplastic elastomers, the mixing and blending of resins on a customer-specific basis and the production of non-customised synthetic resins. In addition to the production of SMCs (Sheet Moulding Compound - SMC), the Mixed Composites Recyclables (MCR) division also focuses on the production of advanced moulding compounds (AMC) and bulk moulding compounds (BMC) and is therefore covered by this business activity. The products are characterised by low weight, high heat resistance, good energy absorption capacity and very good electrical insulating properties.

Market-oriented research, development and innovation is an enabling activity and is defined as conducting research, applied research and experimental development in the field of solutions, processes, technologies, business models and other products for the reduction or avoidance or elimination of greenhouse gas emissions with at least technology readiness level (TRL) 6. Our research activities include activities related to the development of new materials and components with high strength and durability, which enable low weight while maintaining high functionality.

The acquisition and ownership of buildings is defined as the acquisition of real estate and the exercise of ownership of this real estate. The STS Group owns buildings at several business locations.

The STS Group has both guidelines ("policies") and specific measures and instruments in place to ensure the protection of human and labour rights as well as compliance with national and international laws on anti-corruption and bribery, corporate taxation and fair competition. In order to check whether the STS Group conducts its business activities in accordance with these standards and norms , both a desktop research and a workshop were conducted with several of the Group's stakeholders. The desktop research was conducted on the basis of the data provided by the Corporate Senior HR Manager, with a focus on the official policy documents on human rights, labour rights, anti-corruption and fair competition. The workshop with contacts from HR, procurement, supply chain and sustainability focused on analysing and evaluating STS Group's official policies and implemented measures (e.g. grievance mechanisms) that ensure compliance with national and internal laws and standards, national and international legal requirements as well as tax laws and fair competition principles.

The following official policies were analysed to verify compliance with the minimum safeguards:

1. Code of Business Conduct
2. Code of Conduct for Suppliers
3. Human Rights Statement
4. Policy Statement LkSG
5. UK Modern Slavery Statement

The main measures and tools available to the STS Group include Group-wide systematic risk management, whistleblowing mechanisms and various employee training programmes. In addition, the process of double materiality analysis was considered as a tool for identifying and assessing negative impacts and the corresponding measures in connection with business activities.

The described elements of the process for compliance with minimum social standards ensure that the STS Group fulfils its human rights due diligence obligations and complies with the aforementioned guiding principles and standards.

Results

The scope of consolidation for the taxonomy analysis includes all of the Group's production sites. The following diagram and tables show the shares of taxonomy-eligible and taxonomy-compliant business activities in sales, capital expenditure (CapEx) and operating expenses (OpEx):

**Sales revenue, CapEx, OpEx and corresponding taxonomy figures relate to the STS Group's global locations: STS Composites Europe, STS Composites USA, STS Composites China, STS Composites Mexico, MCR SAS.*

	Consolidated in EUR million	**Activities - shares in %**		
Revenue*	311.13	0.62%	65.54%	34.46%
Capital expenditure* (CapEx)	15.58	0.25%	5.49%	94.51%
Operating expenses* (OpEx)	36.36	0.55%	7.76%	92.24%

Revenue - The total revenue reported in accordance with paragraph 1.1.1. of ANNEX I to Delegated Regulation (EU) 2021/2178 corresponds to the revenue of **EUR 311.13 million** reported in the IFRS consolidated financial statements. **EUR 1.93 million** of this total revenue was generated in the categories "Manufacture of automotive and mobility components" and "Manufacture of batteries" **in accordance with the taxonomy.**

Capital expenditure (**CapEx**) - The total capital expenditure reported in accordance with paragraph 1.1.2. ANNEX I of Delegated Regulation (EU) 2021/2178 includes additions to property, plant and equipment and intangible assets and takes into account the following items in the IFRS consolidated financial statements:

- IAS 16 Property, Plant and Equipment,
- IAS 38 Intangible Assets,
- IAS 40 Investment property and intangible assets
- IFRS 16 Leases.

These are the total amount of investments made in the reporting period totalling **EUR 15.58 million**. Of these total investments made, **EUR 38.93 thousand in taxonomy-**

compliant investments were generated in the "Manufacture of automotive and mobility components" category.

Operating expenditure (OpEx) - The reported amount of operating expenditure in accordance with paragraph 1.1.3. ANNEX I of Delegated Regulation (EU) 2021/2178 includes the direct, non-capitalised costs related to research and development, building refurbishment, short-term lease expenses, maintenance and repair and all other direct expenses related to the ongoing maintenance and repair of tangible fixed assets.

Total operating expenses in the reporting period totalled **EUR 36.36 million.** Of these total operating expenses, **EUR 199.31 thousand in taxonomy-compliant operating expenses** were generated in the categories "Acquisition and ownership of buildings", "Market-related research, development and innovation" and "Production of other low-carbon technologies".

The presentation of the above-mentioned key figures of the STS Group are shown in the following reporting form in accordance with Delegated Regulation (EU) 2023/2486 ANNEX II:

Table 1: EU taxonomy declaration form for sales revenue:

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code [a] (2)	Turnover (3)	Proportion of Turnover, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Turnover, year 2023 (18)	Category enabling activity (19)	Category (transitional activity) (20)
Text		*EUR*	*%*	*Y; N; N/EL [b] [c]*	*Y; N; N/EL [b] [c]*	*Y; N; N/EL [b] [c]*	*Y; N; N/EL [b] [c]*	*Y; N; N/EL [b] [c]*	*Y; N; N/EL [b] [c]*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of automotive and mobility components	CCM 3.18	1.572.522	0,51%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0%	E	
Manufacture of batteries	CCM 3.4	352.000	0,11%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0%	E	
Manufacture of other low carbon technologies	CCM 3.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,33%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1.924.522**	**0,62%**	**0,62%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3,33%**		
Of which enabling		1.924.522	0,62%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	3,33%	E	
Of which transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL [d]	*EL; N/EL [d]*	*EL; N/EL [d]*	*EL; N/EL [d]*	*EL; N/EL [d]*	*EL; N/EL [d]*										
Manufacture of plastics in primary form	CCM 3.17	13.401.116	4,31%	EL	EL	N/EL	N/EL	N/EL	N/EL								14,02%		
Acquisition and ownership of buildings	CCM 7.7	175.071.464	56,27%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Manufacture of batteries	CCM 3.4	48.314	0,02%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Manufacture of automotive and mobility components	CCM 3.18	5.648.129	1,82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Manufacture of other low carbon technologies	CCM 3.6	7.821.285	2,51%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**201.990.308**	**64,92%**	**64,92%**	**0%**	**0%**	**0%**	**0%**	**0%**								**14,02%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**203.914.830**	**65,54%**	**65,54%**	**0%**	**0%**	**0%**	**0%**	**0%**								**17,34%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**107.215.469**	**34,46%**																
Total		**311.130.299**	**100%**																

Table 2: Revenue from taxonomy-eligible and taxonomy-aligned economic activities by environmental objective:

	Share of revenue / total revenue	
Environmental objective	**Taxonomy-aligned per environmental objective**	**Taxonomy-eligible per environmental objective**
CCM	0.62%	65.54%
CCA	0%	0%
WTR	0%	0%
PPC	0%	0%
CE	0%	0%
BIO	0%	0%

Table 3: EU taxonomy declaration form for capital expenditure (CapEx):

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code ([a]) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023 (18)	Category enabling activity (19)	Category (transitional activity) (20)
Text		*EUR*	*%*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of automotive and mobility components	CCM 3.18	38.925	0,25%	**Y**	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0,97%	E	
Manufacture of batteries	CCM 3.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,54%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**38.925**	**0,25%**	**0,25%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1,51%**		
Of which enabling		38.925	0,25%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	1,51%	E	
Of which transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL ([d])	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*										
Acquisition and ownership of buildings	CCM 7.7	816.091	5,24%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,48%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**816.091**	**5,24%**	**5,24%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0,48%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**855.016**	**5,49%**	**5,49%**	**0%**	**0%**	**0%**	**0%**	**0%**								**1,99%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**14.722.695**	**94,51%**																
Total		**15.577.711**	**100%**																

Table 4: CapEx from taxonomy-eligible and taxonomy-aligned economic activities by environmental objective

	Share of CapEx / total investment expenditure	
Environmental objective	**Taxonomy-aligned per environmental objective**	**Taxonomy-eligible per environmental objective**
CCM	0.25%	5.49%
CCA	0%	0%
WTR	0%	0%
PPC	0%	0%
CE	0%	0%
BIO	0%	0%

Table 5: EU taxonomy declaration form for operating expenses (OpEx):

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code ([a]) (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy - aligned (A.1.) or -eligible (A.2.) OpEx, year 2023 (18)	Category enabling activity (19)	Category (transitional activity) (20)
Text		*EUR*	*%*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y; N; N/EL ([b]) ([c])*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6	58.023	0,16%	**Y**	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0,41%	E	
Close to market research, development and innovation	CCM 9.1	83.350	0,23%	**Y**	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0,35%	E	
Acquisition and ownership of buildings	CCM 7.7	57.938	0,16%	**Y**	N	N/EL	N/EL	N/EL	N/EL		Y					Y	0%		
Manufacture of batteries	CCM 3.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,69%	E	
Manufacture of automotive and mobility components	CCM 3.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,95%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**199.311**	**0,55%**	**0,55%**	**0%**	**0%**	**0%**	**0%**	**0%**		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3,4%**		
Of which enabling		141.373	0,39%	70,93%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	3,4%	E	
Of which transitional		0	0%	0%													0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL ([d])	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*	*EL; N/EL ([d])*										
Manufacture of plastics in primary form	CCM 3.17	150.889	0,41%	EL	EL	N/EL	N/EL	N/EL	N/EL								1,75%		
Close to market research, development and innovation	CCM 9.1	76.750	0,21%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,63%		
Acquisition and ownership of buildings	CCM 7.7	2.240.200	6,16%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Manufacture of automotive and mobility components	CCM 3.18	154.879	0,43%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2.622.718**	**7,21%**	**7,21%**	**0%**	**0%**	**0%**	**0%**	**0%**								**2,37%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**2.822.029**	**7,76%**	**7,76%**	**0%**	**0%**	**0%**	**0%**	**0%**								**5,77%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**33.538.491**	**92,24%**																
Total		**36.360.520**	**100%**																

Table 6: OpEx from taxonomy-eligible and taxonomy-aligned economic activities by environmental objective:

	Share of OpEx / total operating expenses	
Environmental objective	**Taxonomy-aligned per environmental objective**	**Taxonomy-eligible per environmental objective**
CCM	0.55%	7.76%
CCA	0%	0%
WTR	0%	0%
PPC	0%	0%
CE	0%	0%
BIO	0%	0%

EMPLOYEE CONCERNS

EMPLOYEES OF THE COMPANY (ESRS S1)

For the STS Group, sustainability not only includes environmental issues, but also social and ethical aspects. A safe working environment and the opportunity for employees to develop and grow personally and contribute to the company's success with their ideas are key components of STS Group's working culture. For the STS Group, sustainability also means being an attractive and sustainable employer.

ESRS 2 SBM-3 - Significant impacts, risks and opportunities and their interaction with strategy and business model

Employees are one of the most important stakeholder groups for the STS Group. Ensuring a safe working environment and the satisfaction and well-being of employees are key to achieving long-term and sustainable corporate success. In addition, the STS Group attaches great importance to the training and further education of its employees, as the manufacture of high-quality products can only be guaranteed by qualified specialists. As part of the double materiality analysis, all topics were therefore categorised as relevant under the ESRS S1 standard: Working conditions with a focus on health protection, safe employment and work-life balance; equal treatment and equal opportunities, with a focus on further training opportunities and diversity; other labour-related rights with a focus on the prohibition of child labour and protection of employees' sensitive data.

The STS Group has identified a number of positive effects on its employees with regard to the key social HR issues: Maintaining high safety standards helps to protect the health of employees. This increases general employee satisfaction and reduces the risk of accidents at work. Targeted training and further education measures also help to continuously improve employee expertise. Employees feel motivated and have the opportunity to develop professionally. In addition, a diverse and inclusive working environment promotes long-term employee loyalty, innovative strength and problem-solving expertise. Employees value a diverse and international working environment and are satisfied with the inclusive corporate culture.

Despite these positive aspects, there are some circumstances that can have a negative impact on employees: A lack of agreements in negotiations with works councils and trade unions, for example, can lead to employee dissatisfaction and potential strikes. A

low proportion of women in management positions and a significant gender pay gap can lead to an exodus of qualified workers (female) who do not feel valued and are dissatisfied with the corporate culture.

In addition to the impact on employees, risks and opportunities for the STS Group were also identified from the S1 topics: Inappropriate working conditions have a negative impact on the corporate image, increase employee turnover and reduce the attractiveness as an employer for potential new skilled workers. In addition, conflicts with employees and their representatives can lead to increased operating expenses and cost increases. On the other hand, a high level of employee satisfaction generally leads to greater motivation and productivity among the workforce, which has a positive impact on the company's performance. In addition, a corporate culture that emphasises diversity, inclusion and fair working conditions strengthens the company's competitiveness and attractiveness when it comes to attracting and retaining qualified talent.

S1-1 - Concepts related to the organisation's workforce

The STS Group is an international company that attaches great importance to the health, safety and well-being of its employees. The Group's global presence means that it has to adapt to different cultures and legal frameworks in different countries.

The information on handling the identified material impacts, risks and opportunities (IROs) in relation to the company's own employees is anchored in overarching guidelines that apply to the STS Group worldwide.

Since the 2022 financial year, the STS Group has adopted the Adler Pelzer Group's targets, guidelines and corresponding key figures as a tool for managing key personnel issues. In addition, the individual locations have specific guidelines that are adapted to national labour law. These guidelines also regulate the procedure for involving employees and their representatives in the assessment of impacts and the improvement of negative impacts. They also contain information on the channels available for employees to report violations or concerns. These guidelines are in line with internationally recognised guidelines, including

- of the UN Guiding Principles on Business and Human Rights;
- the Universal Declaration of Human Rights ("International Bill of Human Rights");
- the International Labour Organization (ILO) Declaration on Fundamental

Principles and Rights at Work.

S1-2 - Procedures for involving the organisation's workforce and employee representatives in relation to impacts

S1-3 - Processes for ameliorating negative impacts and channels through which the organisation's workforce can raise concerns

Overarching guidelines and measures:

- **"Corporate Policy 2024 CSR & QSHE":** this policy covers the topics of the health and safety of our own workforce, compliance with management systems, training and employee data security. The STS Group attaches great importance to quality, environmental protection, health and safety in all its activities. The company's integrated management system supports compliance with regulations, information security and the continuous training of employees to improve and minimise risks. STS Group sets clear targets with key performance indicators to increase efficiency and conducts audits to review progress. With a risk-based approach, the company utilises safe, sustainable and energy-efficient practices and publishes its ESG progress annually in the non-financial statement. Quality and customer satisfaction are ensured through continuous process optimisation and employee training.
- **"Code of Business Conduct":** The Group's Code of Conduct covers all internal standards and rules of the STS Group and regulates topics such as general behaviour, legality and compliance with the law, the whistleblower procedure, occupational health and safety, communication and data protection. The STS Group is committed to a corporate culture based on honesty, integrity, transparency and respect. All employees are obliged to respect these principles and comply with legal regulations. All employees have the right to fair working conditions, health and safety. Discrimination is not tolerated in any form. The protection of personal data is also an essential component of corporate protection. The STS Group is committed to a safe and healthy working environment and also respects the right of employees to organise and bargain collectively.
- **"Policy Statement LkSG":** The STS Group considers respect for human rights and the protection of the environment to be essential components of its daily business activities. The company is committed to respecting human rights and environmental standards along the entire value chain. The STS Group is actively committed to preventing, minimising and - where possible - eliminating

negative impacts on human rights within the framework of its global business activities. The STS Group is committed to respecting the human rights of its employees. In particular, it endeavours to protect the health and safety of employees, respect the rights of trade unions and employee representatives and promote diversity, equality and inclusion. It is also committed to responsible labour practices and does not tolerate any form of discrimination or harassment.

- **"Whistleblowing Policy":** This policy is a central component of the Adler Pelzer Group's established whistleblower protection system. Together with the reporting channel for whistleblowers, it ensures that potential violations of legal regulations, internal guidelines or ethical standards can be recognised and addressed at an early stage. The reporting channel is not only available to all employees, but is also publicly accessible to external third parties. This creates the opportunity to report concerns or specific indications of unlawful behaviour or compliance violations confidentially and without fear of reprisals. The aim is to promote an environment of integrity and transparency in which misconduct can be proactively recognised and remedied. The system adheres to the highest data protection and confidentiality standards to ensure the protection of whistleblowers and, at the same time, effective processing of the reports received in collaboration with the Compliance department.
- **"STS Group Integrity Line:**": All STS Group employees have the opportunity to anonymously report information on violations of internal rules or laws, cases of discrimination or serious impacts on human rights via the established IT-based whistleblower system. The reports are treated confidentially and are followed up and investigated accordingly by the Corporate Compliance Team.
- In addition to the policies mentioned above, the Group has other official guidelines on key topics, e.g. "Anti Harassment Policy"; "Non Discrimination Policy" and "Data Protection Policy".
- **Risk matrix:** A workplace risk assessment is carried out at all Group sites. A standardised risk matrix serves as a central tool for identifying, assessing and managing risks. The matrix is used to systematically record potential hazards, analyse their effects and define suitable measures to minimise risks. In addition, regular training courses are organised for safety officers at all locations worldwide. This ensures that the responsible persons have the necessary knowledge and skills to effectively monitor identified risks and implement targeted prevention strategies.
- **"IATF 16949":** STS Group sites are certified to the IATF 16949 quality standard,

which is recognised worldwide as a "must have" for suppliers to the automotive industry. This certification ensures that a company is able to deliver consistent products and services that meet customer and regulatory requirements. It covers areas such as risk management, continuous improvement, product traceability and the involvement of suppliers in the quality process.

- **"ISO 45001**": The individual companies in the Group are certified in accordance with ISO 45001 (occupational health and safety management system), which provides a systematic framework for improving health and safety in the workplace, minimising occupational risks and meeting legal requirements. To prevent accidents, measures such as occupational health and safety training, safety audits, the cross-site exchange of best practices and improved process monitoring are implemented.
-
    - Accident rate
    - Fire protection audit
    - Health and safety audit
    - 5S audit

    These four KPIs are collected for all of the Group's production plants, including the STS Plastics China sites. The sites in Mexico, Ramos, and in the USA, Salem, are not included in the consolidated calculation of these KPIs; these are included in the STS North America cluster BU. The corresponding KPIs are therefore calculated separately.

Further training

Qualified and motivated employees are the basis for the long-term success of any company. Due to the wide range of HR requirements and laws, HR work is managed at country level and implemented locally as required. The dialogue with employees takes place through regular appraisal interviews with the relevant managers and surveys. Regular dialogue ensures that employees are more motivated and identify with the company. The results of the employee appraisals are supported by regular performance reviews, which are intended to help harmonise employees' self-assessments and external assessments and define appropriate measures to develop their skills. The dialogue with employees worldwide has shown that the opportunity for further training and development is an essential part of employee satisfaction. The Group is therefore committed to the continuous development and advancement of its employees and offers training opportunities and courses to expand their skills and thus

position itself for the future. The results of these discussions form the basis for individual development plans and the further training measures derived from them. The STS Group offers its employees the "APG Academy". This e-learning platform was already offered by the Adler Pelzer Group as part of the training programme for employees worldwide. This expands the range of training and development opportunities and thus promotes the professional development of competent employees. In addition, sustainability issues are discussed with managers as part of regular employee appraisals, actively involving employees in the development of the Group's sustainability concept. This also strengthens employee loyalty.

Key figures

S1-6 - Characteristics of the organisation's employees

Information on the number of employees by gender:

Gender	**Number of employees**
Male	1,268
Female	326
Miscellaneous	-
Not specified	-
Total number of employees	**1,594**

The average number of employees across the Group in 2024 was **1,514**.

In the 2024 reporting year, 452 employees left the STS Group. The **employee turnover rate** per country and operating site is shown in the following table

Country	**Production site**	**Employee turnover rate**
Germany	Candel	0%
France	Blainville	0%
	Izernore	1%

Country	Production site	Employee turnover rate
	Tournon	0%
	Precigné	2%
	St Desirat	1%
Mexico	Ramos Aripe	2%
China	Jiangyin	5%
	Quingdao	1%
	Shiyan	8%
	Wuxi	4%
USA	Salem	n/a*

** Key figure not yet available for the USA, as the plant in Salem was not opened until the end of 2023 and production did not start until 2024.*

Employees with permanent employment contracts:

	Female	Male	**Total**
Germany	3	21	**24**
France	174	772	**946**
USA	26	90	**116**
Mexico	30	74	**104**
China	34	142	**176**
Total number	**267**	**1,099**	**1,366**

Employees with fixed-term employment contracts:

	Female	Male	**Total**
Germany	0	0	**0**
France	1	6	**7**
USA	14	55	**69**
Mexico	0	4	**4**
China	44	104	**148**
Total number	**59**	**169**	**228**

Number of full-time employees:

	Female	Male	**Total**
Germany	3	21	**24**
France	161	745	**906**
USA	40	145	**185**
Mexico	30	78	**108**
China	78	246	**324**
Total number	**312**	**1,235**	**1,547**

Number of part-time employees:

	Female	Male	**Total**
Germany	0	0	**0**
France	14	33	**47**

	Female	Male	**Total**
USA	0	0	**0**
Mexico	0	0	**0**
China	0	0	**0**
Total number	**14**	**33**	**47**

External labour:

S1-7 - Characteristics of the company's external labour force

External labour	**Number of employees**
Total number of employees without guaranteed hours*	186
Total number of self-employed**	324
Total number of employees in the "Placement and leasing of labour "* sector**	147

** Employees without a guaranteed number of hours are employed by the company without a minimum or fixed number of working hours being guaranteed. The employee may be required to make themselves available for work as and when required, but the company is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week or month. Casual workers, hourly contract workers and on-call workers, for example, fall into this category.*

*** Self-employed persons are employees who have entered into a contract with the company for the provision of labour (contractors who are engaged by the company to perform work that would otherwise be performed by an employee, contractors who are engaged by the company to perform work in a public area (e.g. on a road), contractors who are engaged by the company to perform the work/service directly at the workplace of a customer of the company).*

****Employees provided by third-party companies (persons who temporarily replace absent employees, persons who carry out work in addition to regular employees, persons who are temporarily posted from another EU Member State to work for the company).*

S1-8 - Collective bargaining coverage and social dialogue

No employees at the Salem (USA) and Kandel (Germany) sites are covered by collective labour agreements. At the Ramos (Mexico) site, the figure is 59%. At all other locations, 100% of employees are covered by collective labour agreements.

S1-9 - Diversity indicators

Number of employees at the top management level (headcount):

Gender	**Number of employees and %** (headcount)
Male	73; 80%
Female	18; 20%
Total number	**91; 6%**

Age	**Number of employees** (headcount)
Under 30 years	222
Between 30 and 50 years	650
Over 50 years	722

S1-10 - Appropriate remuneration

All STS Group employees receive appropriate remuneration that complies with the applicable standards and national laws in the various countries. Employees' salaries, social benefits and working hours must comply with local regulations and laws as well as the provisions of the relevant international conventions. No employee (Group-wide) was paid less than the applicable minimum wage in the 2024 financial year.

S1-12 - People with disabilities

The proportion of people with disabilities in the workforce in China averaged around 2%. Different data was available for France: 4% for the Tournon site and 10% for St. Desirat. No data was available for Izernore and Precigne. At all other sites, the proportion of people with disabilities was zero.

S1-14 - Key figures for health and safety

Datapoints	**% of employees worldwide**
Percentage of own workforce (employees and non-employees) covered by the organisation's health and safety management system	100%
Percentage of fatalities due to occupational accidents and diseases (%)	0%
Number and % of the accident rate	7
	0.5%
Number of recordable cases of occupational diseases among the company's employees	1
Number of days lost by employees due to occupational accidents and illnesses	4,685
Number of deaths from occupational diseases	0
Number of identified cases of notifiable work-related illnesses among own employees	0

The accident rate (LPM - lost time per million) is calculated as the number of hours lost due to accidents at work in relation to total working hours per month and is calculated and presented on a rolling basis over the past six months. This indicator reflects the degree of workplace safety and the impact of accidents on work performance. In 2024, an accident rate of less than **550** LPM (previous year: less than 550 LPM) was set as the target value, which should not be exceeded. The STS Group's key figure for the reporting year is 1,776 LPM (1,518 in 2023). Ramos' accident rate was zero in 2024 (as in the previous year).

The fire protection audit (as a percentage) measures the current status of the fire protection measures implemented at the business premises with the aim of identifying business premises at where optimisation measures are required. The target set for 2024 with regard to the fire safety audit was a degree of fulfilment of at least **85**% (previous year: at least 85%). The STS Group achieved a score of **75%** in the reporting year (previous year: 80%). For Ramos, the value for the fire protection audit in 2024 was **84%** (84% in the previous year).

For the results of the health and safety audit, a target of at least 85% compliance was set for the 2024 financial year (previous year: at least 85%). The STS Group achieved a score of 73% in the reporting year (previous year: 78%). Ramos reported a compliance rate of 100% for 2024 (previous year: 89%).

The 5S principle describes the design of an efficient workplace. An audit result of at least 80% was set as the target for the 2024 financial year (previous year: at least 80%). The STS Group's key figure for the reporting year is 44% and 100% for Ramos.

S1-15 - Key figures for work-life balance

All STS Group employees are entitled to family-related leave. In the 2024 reporting year, a total of 113 or 7.45% of all employees (worldwide) took time off work for family reasons, of which 5.30% were men and 2.15% women.

S1-16 - Remuneration ratios (differences in earnings and total remuneration)

At the German site in Kandel, the gender pay gap in 2024 was 0 %. In Ramos, Mexico, 19 %. At the site in Salem, USA, 69 %. At the Chinese locations, the gender pay gap was between 20 % and 50 %, depending on the location. In France, it was between 4% and 13%, with no data available for the Izernore and Precigne sites.

RESPECT FOR HUMAN RIGHTS AND THE SUPPLY CHAIN

LABOUR IN THE VALUE CHAIN (ESRS S2)

S2-1 - Concepts related to labour in the value chain

For the STS Group, achieving its sustainability goals is only possible through stable and sustainable business relationships with its suppliers. The Adler Pelzer Group's purchasing department has a contact person for sustainability issues in the supply chain and ensures the development of long-term and solid supplier relationships and their regular evaluation. Regular dialogue and the involvement and evaluation of all relevant business partners make it possible to guarantee a high standard of quality in the manufacture of products and compliance with international and national standards - including the German Supply Chain Duty of Care Act - along the entire value chain. Suppliers are therefore important stakeholders, as a stable supply chain promotes efficient production processes and minimises risks that can arise from supply bottlenecks or non-compliance with human rights and environmental standards. The topic of "training and skills development" also plays a central role in the supply chain, as the quality of the products that the STS Group receives from its suppliers depends, among other things, on the qualifications of their employees.

ESRS 2 SBM-3 Impacts, risks and opportunities and their interaction with strategy and business model

Significant impacts, risks and opportunities were identified when analysing the topics under the ESRS-S2 standards. By setting high standards for its suppliers and regularly reviewing and evaluating them, the STS Group can have a positive influence on working conditions in their factories. Strict compliance with these standards not only has a positive impact on the working conditions of suppliers' employees, but also on the STS Group. A better reputation as well as a systematic approach and prevention of supply chain risks can help to strengthen the Group's market position and make it more attractive to potential new investors. However, if these standards are not properly implemented or regularly monitored, this can lead to a negative reputation with potentially serious consequences such as loss of customers and sanctions, which could jeopardise the Group's business success in the long term.

S2-2 - Processes for involving labour in the value chain in relation to impacts

S2-3 - Processes for improving negative impacts and channels through which workers in the value chain can raise concerns

When selecting procurement markets, the STS Group has an international focus in line with its business model. Within Europe, cost optimisation in purchasing is pursued by selecting the regional procurement market while ensuring quality standards. In North America, Mexico and China, the focus is on local suppliers. For this reason, their active involvement in STS Group's environmental management is a key element in the effective implementation of the company's environmental policy.

STS Group recognises its responsibility with regard to human rights and is committed to respecting them and minimising the potential negative impacts of its business activities and its value chain worldwide. STS Group's approach to respecting and upholding human rights is based on:

- the UN Guiding Principles;
- the International Bill of Human Rights;
- the Declaration of the International Labour Organization (ILO) on Fundamental Principles and rights at work;
- the UN Guiding Principles on Business and Human Rights.

STS Group has policies and mechanisms in place to manage the material impacts and risks associated with its suppliers. These have been adopted by the Adler Pelzer Group and are used worldwide as official guidelines for the selection of new suppliers and the management of existing supplier relationships:

- **"Human Rights Statement":** This statement describes the company's approach to respecting human rights. The principles of this statement apply to all activities at home and abroad, including aspects of our supply chain. The "Zero Tolerance" approach to respecting and upholding human rights is based on the UN Guiding Principles, the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The STS Group is committed to avoiding and, wherever possible, eliminating or mitigating negative impacts on human rights as part of its global business activities.
- **"Policy Statement LkSG":** The STS Group is committed to complying with human rights and environmental standards along its entire value chain. All suppliers must comply with and accept the *Code of Conduct for Suppliers*.
- **"Code of Conduct for Suppliers**": The Code of Conduct for Suppliers is a valid

instrument for ensuring compliance with standards along the supply chain and exerting a direct positive influence on working conditions at suppliers. The Code of Conduct includes numerous obligations, including

- Fair working conditions (wages, working hours, holidays);
- The right to freedom of assembly and association;
- Responsibility for health and safety standards;
- Prohibition of discrimination;
- Ban on forced and child labour;
- Provision of anonymous complaints mechanisms.

S2-4 - Taking action on significant impacts on labour in the value chain and approaches to managing significant risks and exploiting significant opportunities related to labour in the value chain, and the effectiveness of these actions

- **Software-based risk analysis**: STS Group uses a risk-based due diligence approach to ensure that its requirements in relation to human rights and environmental standards are met by its suppliers. The management of identified risks and negative impacts in the supply chain is subject to the same levels set out in STS Group's risk management policy. Risks are identified, analysed and prioritised. A risk strategy is then developed: Accept, Avoid, Reduce or Transfer the risk. If a business partner fails to comply with applicable laws or the company principles relating to human rights and the environment, the STS Group reserves the right to terminate the collaboration. In 2023, the Adler Pelzer Group's purchasing department introduced software for real-time monitoring of suppliers of all Group companies. The implementation of this software was also initiated for the STS Group and was still being implemented in the 2024 reporting year. The software can use AI technology to analyse data from social media and news media about suppliers. Regular inspections are carried out at set intervals to determine the risk profile of suppliers. If the risk profile is questionable, preventive and corrective measures are taken.
- **Regular inspections:** Continuous monitoring of the supply chain and planned on-site audits provide additional transparency and make it possible to ensure higher quality and compliance with regulations. Regular qualitative and quantitative supplier evaluation procedures are carried out. Criteria such as quality and logistics requirements, adherence to quantities and deadlines and price stability are assessed. The existing processes are continuously developed in the course of procedural adjustments to the Supply Chain Duty of Care Act, with the aim of establishing a uniform Group standard. The STS Group has

adopted the *SAQ - Self-Assessment-Questionnaire* from the Adler Pelzer Group as an additional tool and introduced it in its company. Full implementation has not yet been completed. The survey is conducted on the *Supplier Assurance Platform*, which enables suppliers to answer questions on key sustainability aspects. As a result of the review, measures and action plans for improving the supplier relationship are defined and their compliance is systematically analysed afterwards.

- **"STS Group Integrity Line":** Any misconduct along the supply chain, in particular violations of applicable laws and internal instructions and procedures, can be reported anonymously via the STS Group's whistleblower system. The reports are treated confidentially and are followed up and investigated by the Corporate Compliance Team.

SOCIAL BELANGE

COMMUNITIES CONCERNED (ESRS S3)

In line with the motto "Be a good neighbour", the STS Group works every day to make a positive contribution to the further development of society. It develops innovative solutions for its customers, which in turn are used to promote a more sustainable society. To achieve this, committed, competent and qualified specialists are needed to manufacture high-quality products. Therefore, creating and securing jobs are important aspects of social responsibility for the STS Group. In addition, production processes must meet the high standards for environmental protection and respect for human rights set out in the Group's codes of conduct. For the STS Group, respect for human rights is a fundamental element of its corporate policy. The company always ensures a fair and healthy working environment and requires its employees to respect human rights and treat each other with respect.

COMBATING CORRUPTION AND BRIBERY

GOVERNANCE AND CORPORATE POLICY (ESRS G1)

Good corporate governance is the foundation for implementing all measures to achieve the defined sustainability goals. Under the keywords "*governance*" and "*compliance*", a set of rules is applied within the company that defines the processes, organisation and responsibilities within a company and to which the corporate culture is oriented. Behaviour in accordance with national and international laws and guidelines is regarded by the STS Group as the basis of its corporate values. Every company in the Group is subject to different laws and regulations in every country in which it operates, which affect different areas such as the protection of free competition, consumer protection, labour rights and environmental protection. Employees worldwide support the principle of compliant behaviour and thus enable the implementation of good corporate governance.

However, failure to comply with these laws can lead to serious damage to the Group's assets and reputation. The STS Group is therefore committed to complying with all laws and regulations that affect its business activities.

ESRS 2 IRO-1 - Description of procedures for the identification and assessment of significant impacts, risks and opportunities

A solid and value-orientated corporate culture forms a central cornerstone for the long-term success of the STS Group. In particular, the topics of corporate culture, whistleblower protection and the prevention of corruption and bribery play a central role for the Group. Relevant effects, risks and opportunities were identified in this regard as part of the dual materiality analysis.

A corporate culture based on transparency, integrity and openness creates a motivating working environment. This also includes compliance with national and international laws and a resolute fight against corruption and bribery. This promotes employee satisfaction and loyalty to the company and at the same time has a positive effect on the entire value chain: The STS Group acts as a positive role model for suppliers and customers and at the same time demands high ethical standards. Investors and customers also appreciate fair and responsible business behaviour. A solid and positive corporate culture is therefore also an opportunity for the STS Group to build long-term and trusting customer relationships and improve the company's

reputation. Suppliers, investors, employees and customers have more trust in companies that consistently live their values. Conversely, a corporate culture that does not meet the expectations of key stakeholders can lead to dissatisfaction and thus pose a risk to reputation and the loss of customers and employees. An essential component of the corporate culture is an open communication culture in which unlawful behaviour and violations of the corporate principles can be reported safely and confidentially. The STS Group is therefore committed to protecting whistleblowers so that they can speak out without fear of reprisals. Promoting the protection of whistleblowers therefore brings the STS Group benefits such as a stronger market position and a better reputation.

G1-1 - Corporate culture and concepts for corporate management

STS Group has a Code of Conduct for employees and a Code of Conduct for business partners / suppliers (adopted from Adler Pelzer Group). Both codes set out the principles and expectations for employees and business partners with regard to responsible sourcing of raw materials, the Group's commitments to human rights, the environment, health and safety, business ethics and the development of a sustainable supply chain. The Code of Conduct for Employees provides clear guidance for employees in their daily work. It regulates the conformity of corporate behaviour with national and international laws as well as social, cultural and societal standards. It sets out clear guidelines for compliant behaviour with integrity, both in dealings between employees and with external stakeholders. In addition to the principles of conduct set out in the two codes of conduct, the STS Group is also clearly committed to diversity and inclusion, the prohibition of child and forced labour, freedom of association and the right to employee representation, as well as binding regulations on fair working hours and remuneration. New employees receive training on the internal Code of Conduct in order to internalise the corporate values and actively promote the corporate culture. The STS Group expects managers to set an example by observing the Code of Conduct and to actively support its further implementation as part of their management duties. In addition to monitoring the guidelines, this also includes active participation in the further development of behavioural instructions and processes to ensure that everyday life complies with the rules in all areas of the company. In addition, the STS Group has anti-bribery and anti-corruption policies and the Self-Assessment Tool, an internal instrument for assessing potential cases of bribery and corruption within the STS Group. Bribery and corruption are not tolerated in any form and all employees are obliged to avoid any form of corruption. The Group also complies with

the relevant country-specific anti-bribery and anti-corruption laws, guidelines and regulations.

While the Company Compliance Officer is responsible for the compliance issues of antitrust law, money laundering and anti-corruption, other specialist departments are responsible for data protection, export control, environmental protection, risk management, accounting, taxes and capital market law. Since the 2020 financial year, the STS Group has had an IT-supported compliance management system, which also includes communication of the Code of Conduct and a global anonymous whistleblowing system. This enables all employees and external whistleblowers to report suspected cases and unlawful activities while maintaining the confidentiality of their identity. No cases were reported to the STS Group in the 2024 reporting year.

The STS Group takes responsibility for its employees, business partners and society and is committed to sustainable corporate governance. By adhering to national and international compliance standards and structured decision-making processes, the Group creates a safe working environment. This results in innovative products for more sustainable mobility that meet the highest quality standards and customer expectations. In this way, the STS Group emphasises its commitment to sustainable value creation and social responsibility and strengthens the trust of its key stakeholders.